

# West of England Investment Fund Assurance Framework

June 2018

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# 1 Purpose of the document

## 1.1 Context

The 'Single Pot' approach to funding is a significant fiscal agreement in devolution deals which reduces ring fences and consolidates funding lines for which the West of England Combined Authority is the accountable body.

Localities in receipt of a Single Pot as part of their devolution agreement with Government are required to have an assurance framework that explains the arrangements for the Combined Authority to:

- Appraise projects and allocate funding; and
- Monitor and evaluate projects to ensure that they achieve value for money and projected outcomes.

As set out in the National Guidance for Single Pot Assurance Frameworks (April 2016) issued by the Department for Communities and Local Government (DCLG), the WECA Operating Framework and Business Plan will provide the basis for investment decisions alongside the delivery of statutory requirements, conditions of funding, and other local transport objectives. In performing its role, the West of England Combined Authority (WECA) will ensure that it acts in a manner that is lawful, transparent, evidence-based, consistent and proportionate.

The West of England Devolution Deal sets out details of the powers and functions devolved to the WECA and the new directly elected West of England Mayor from central government. The powers, funding lines and functions of WECA and West of England Mayor are set out in the West of England Order.

## 1.2 Scope of the assurance framework

WECA has established an Investment Fund (WoEIF) through which it will administer the West of England Single Pot allocation of funding from HM Government alongside any other local and national funding sources which may subsequently be included.

This assurance framework is for the WoEIF which will initially comprise the additional £30m per annum allocations of grant-based investment funds (sometimes called 'Gain Share'), which will be subject to a five-yearly Gateway Review by Government. In line with the Devolution Deal this is in the control of WECA, working with the West of England Mayor. Other exceptional costs will be funded via the Single Pot related to the establishment of WECA and its new statutory duties together with election costs for the Mayor as agreed by the WECA Committee.

The WoEIF will also provide the opportunity to combine funding to maximise economic impacts. All projects funded through the WoEIF will be subject to the agreed prioritisation, appraisal, and monitoring and evaluation framework, including value for money assessments tailored to the nature and scale of the proposed investment.

This assurance framework will be updated regularly to ensure that it remains fit for purpose. Furthermore, other funding sources may subsequently be aligned with the WoEIF to ensure that

an integrated, comprehensive and strategic approach to promoting growth within the West of England is adopted. Where these fall within the scope of this framework it will be updated accordingly. Where there are significant changes to the framework, or when wholly new funding streams are added to the West of England Single Pot, revisions will be agreed with the Ministry of Housing, Communities and Local Government.

### 1.3 What is an assurance framework and who it is for?

This assurance framework is required to explain ‘how localities will appraise, monitor and evaluate projects to achieve value for money’. It will provide the Departmental Accounting Officers and Parliament with the assurance that WECA, as the accountable decision-making authority, is effectively managing the risks associated with the allocation of devolved funding and that robust systems are in place to ensure resources are spent with regularity, propriety, and value for money, whilst at the same time achieving projected outcomes.

The assurance framework also outlines clear and transparent procedures for all stakeholders in the West of England area (including the constituent Local Authorities, the West of England LEP, other key partner agencies, businesses and residents) regarding the delivery and spending associated with the WoEIF. The assurance framework and the WoEIF will be managed in accordance with the usual local authority checks and balances, including those set out in the Local Government Fiscal Framework and the Local Government Accountability System Statement

### 1.4 Status and structure of the framework

This assurance framework will be reviewed annually to ensure that it remains fit for purpose.

The remainder of this document is set out in the following sections:

- Section 2: Describes the governance and decision-making structures and outlines the transparency that will apply to all decision making.
- Section 3: Sets out the procedures for prioritising projects, appraising projects and developing appropriate business case documentation to satisfy the value for money assessment.
- Section 4: Outlines the procedures required for monitoring and evaluating projects and the overall WoEIF.
- Section 5: Provides a summary of the key assurances required by MHCLG and how they will be met by WECA.

## 2 Governance and decision-making structure

### 2.1 West of England Combined Authority Governance

WECA was established on 9 February 2017 with responsibility for strategic decision making in respect of economic growth.

The geographical area covered by WECA includes the local authority areas of Bath and North East Somerset, Bristol and South Gloucestershire. The governance structure of the WECA is shown in Figure 2.1.

The detailed structure and functioning of WECA is outlined in the constitution.

- **WECA Committee** – The West of England Mayoral Combined Authority (MCA) is responsible for the West of England Mayoral Combined Authority (in compliance with the West of England Combined Authority Order). The constitution of WECA is published on the [WECA website](#) which includes the code of conduct.
- **West of England Joint Committee** - The West of England Joint Committee is responsible for any relevant functions that fall outside those set out in the West of England Combined Authority Order.
- **Audit Committee** – the functions of the Audit Committee include review and scrutinising the authority's financial affairs.
- **WECA Overview and Scrutiny Committee** – the functions of the Scrutiny Committee primarily relate to scrutinising the work of the WECA and making appropriate recommendations as to the discharge of its functions.

Aside from the delegations related to changes to approved schemes set out in section 2.2.2, all other boards in the structure are advisory and have no delegated responsibility.

#### *2.1.1 WoE Local Enterprise Partnership (LEP) – roles and responsibilities*

The WoE LEP is led by the WoE LEP Board. This is a partnership which brings together business and political leaders, and is business led with a business chair, with the clear purpose of economic growth and job creation in the region. The LEP Board role includes:

- Representing business expertise and views in the region at the WECA Committee and at the West of England Joint Committee.
- Working with the WECA Committee and the West of England Joint Committee to develop regional strategies.
- Working with the WECA Committee on plans for future devolution for the region.
- Giving views on the broader investment plan.

A number of sub-groups comprising of expert members from a variety of backgrounds and sectors provide expert advice and support to the LEP Board.

**Figure 2.1: WECA Governance Structure**

Key:  
Advisory - - - - -

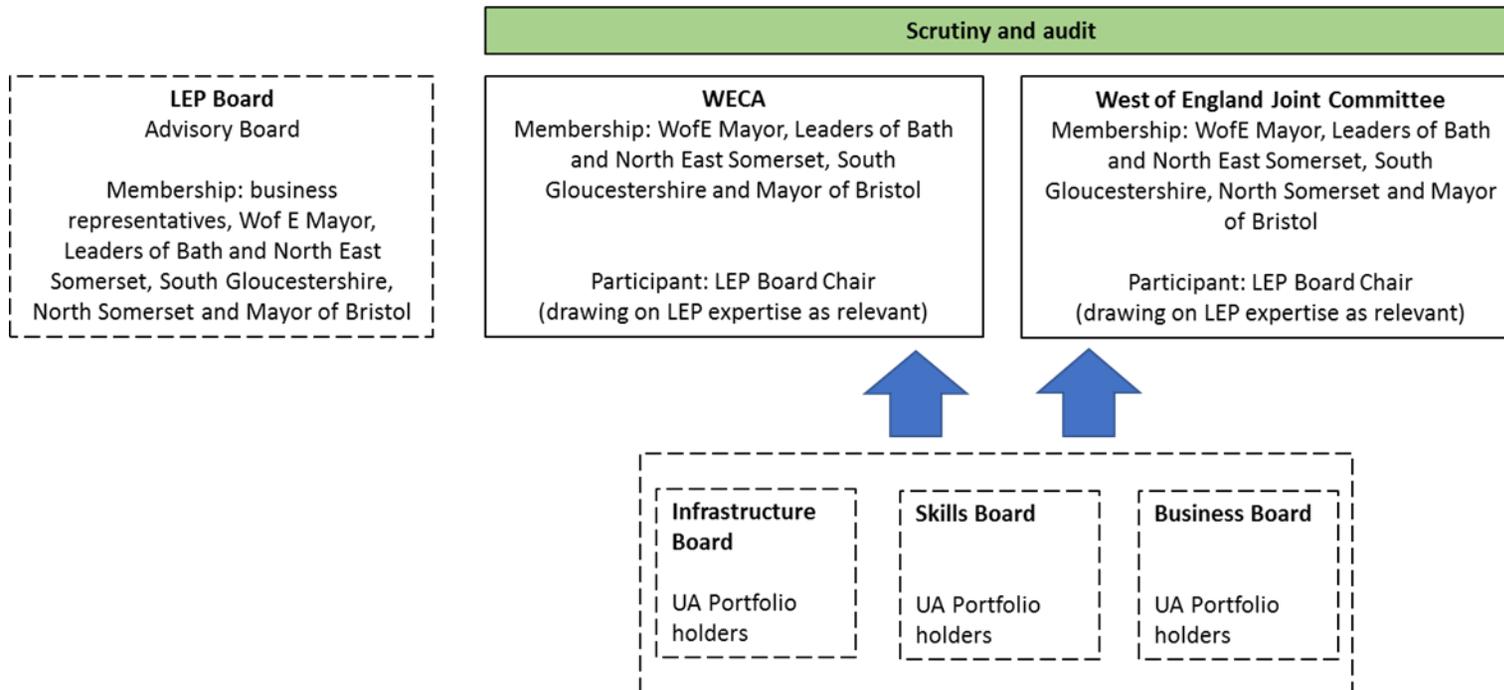
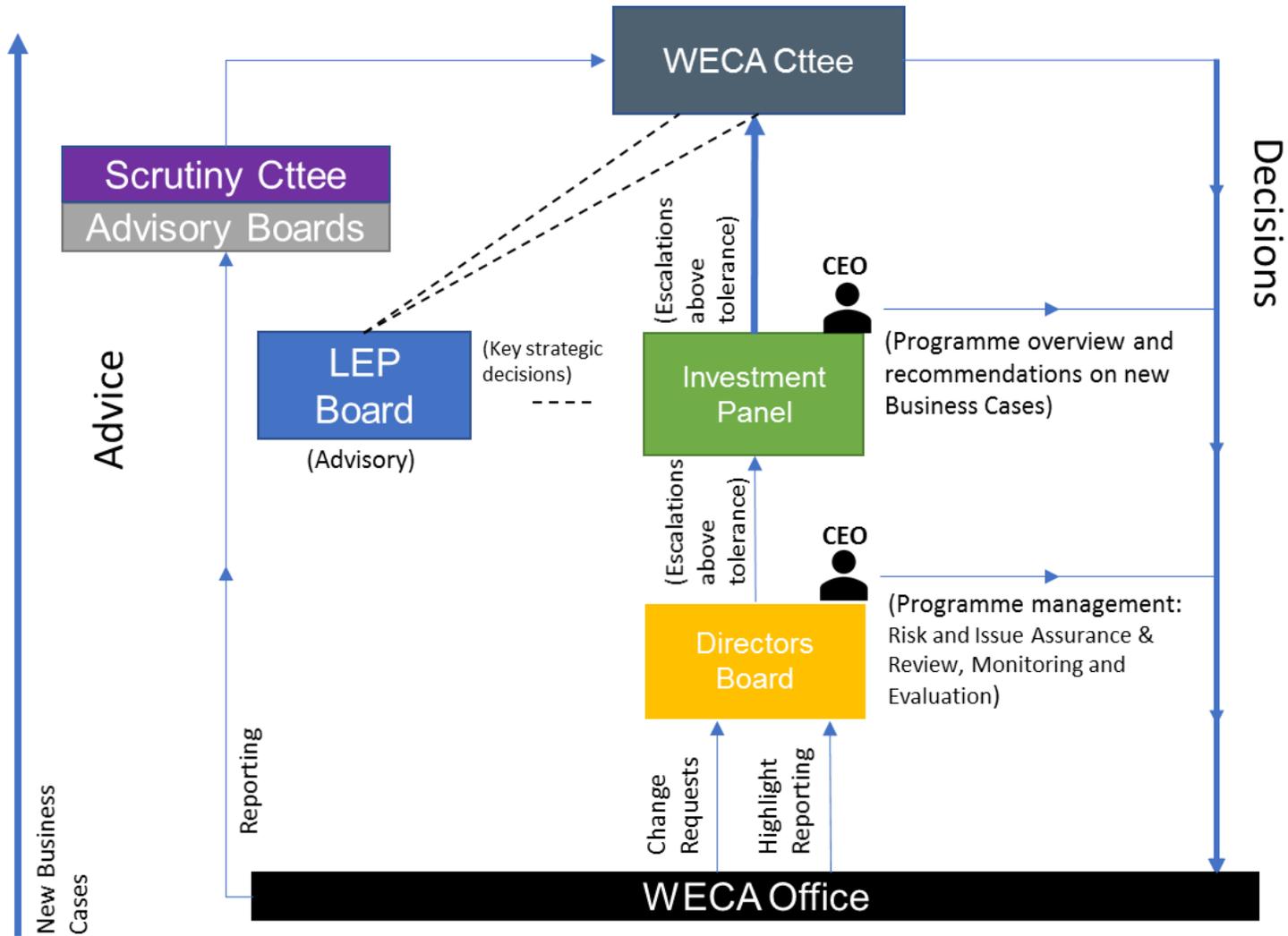


Figure 2.2: Investment Fund Governance Structure



## 2.2 Accountable body role and financial management

### 2.2.1 Investment decisions

All investment decisions, including ensuring the effective allocation of the WoEIF in line with the WECA Operating Framework and Business Plan, will be the responsibility of the WECA Committee.

### 2.2.2 Decision making process and roles and responsibilities

WECA will be the Accountable Body for the WoEIF, which includes the single pot funding devolved to the Authority.

Accountable bodies are responsible for the proper administration and financial probity of external funds received. They are legally constituted bodies with a statutory role. The Accountable body must ensure the effective use of public money and have responsibility for the proper administration of funding received and its expenditure.

As the Accountable Body, WECA will be responsible for overseeing policy, the prioritisation of funding, ensuring value for money, evaluating performance and managing risk. WECA will:

- Hold the WoEIF and make payments in accordance with the decisions of the WECA Committee;
- Ensure that WoEIF funding is approved and allocated in a manner that is lawful, transparent, evidence-based, consistent and proportionate;
- Ensure that the decisions and activities conform to the legal requirements with regard to equality and diversity, environmental, EU issues and other relevant legislation and guidance;
- Ensure through its Section 151 Officer that the WoEIF funds are being used appropriately, prudently and in accordance with decisions made, and relevant guidance/legislation for the intended purpose;
- Record and maintain the official record of proceedings relating to decisions made on all investment projects.

The WoEIF funds will be accounted for in such a way that they will be separately identifiable, with individual cost centres. WECA will prepare quarterly financial statements for the WECA Committee in relation to the overall fund, costs of the investment projects, and profiling of spend.

The specific roles and responsibilities related to the management and administration of the WoEIF and decision making will be as follows:

- **WECA Committee** – will make all project investment decisions in relation to the WoEIF and will make approval decisions for key scheme changes.

- **Investment Panel** – this will comprise the Chief Executives of WECA and the constituent authorities who will provide oversight of the programme and make recommendations on business case submissions to the WECA Committee.
- **Directors Board** – this will; comprise the Directors of Development of WECA and the constituent Councils who will consider programme performance, risks and issues. They will make recommendations on the approval of scheme changes below tolerances where a WECA Committee decision is required. The decision on such change requests will be made by the WECA Chief Executive in consultation with the Directors Board. The tolerances are shown in Appendix 1.

The Investment Fund governance process is shown in Figure 2.2.

### *2.2.3 Risk Management*

A key role of the assurance framework is to ensure that risk is identified, monitored and managed appropriately, both at a corporate level for WECA and at a programme and project level. The risks associated with individual WoEIF projects are discussed at Section 3.5.1 and will require consideration as part of the business case development. The risks associated with the overall WoEIF fund are identified and, in conjunction with plans to mitigate these risks, managed by the Directors Board. Significant risks will be escalated and will be added to the WECA Corporate Risk Register. The Corporate Risk Register will be monitored by the Section 151 Officer and the Head of Paid Service in line with policy, and reported to the Audit Committee.

### *2.2.4 Internal and External Audit*

The devolved funding from HM Government will be held and managed by WECA. In doing so the funds will be subject to financial management arrangements and subject to Internal Audit in accordance with the Accounts and Audit Regulations (2015) and in compliance with the mandatory Public Sector Internal Audit Standards. This will provide independent and objective assurance regarding the effectiveness of WECA's risk management, control and governance processes.

The Section 151 Officer will be responsible for reporting on the financial management and assurance of the WoEIF to WECA Audit Committee through the delivery and outturn of the annual Internal Audit plan and published accounts. The Audit Committee has an overall remit to:

- Review and scrutinise the authority's financial management – including all funding awarded through devolution;
- Review and assess the authority's risk management, internal control and corporate governance arrangements; and
- Report and make recommendations to the WECA Committee in relation to these issues.

All WoEIF funding decisions taken by the WECA Committee will also be subject to review through WECA annual external audit, which will undertake cost benefit analysis and assess the extent to which resources have been used economically, efficiently and effectively in delivering its services and activities.

### 2.2.5 *Scrutiny*

The WECA Overview and Scrutiny Committee has the power to:

- (i) Review or scrutinise decisions made or other actions taken, in connection with the discharge of any functions which are the responsibility of WECA;
- (ii) Make reports or recommendations to WECA on matters that affect the WECA area or the inhabitants of the area;
- (iii) Make reports or recommendations to WECA with respect to the discharge of any functions which are the responsibility of WECA.
- (iv) In so far as the business of the Local Enterprise Partnership Board (LEP) relates to the discharge of functions of WECA, the WECA Overview and Scrutiny Committee shall have the power to scrutinise the LEP as set out in (i) –(iii) above.

### 2.2.6 *WECA policies*

To facilitate effective administration and management processes, the following policies and procedures are in place or currently under development:

- [Confidential reporting \(whistleblowing\)](#)
- [Complaints](#)
- [Freedom of Information](#)
- Data Protection

## 2.3 Transparency

WECA is committed to being open, transparent and accountable. The [WECA website](#) provides information in relation to:

- WECA and its role
- WECA spending
- Priorities and performance
- How the WECA Committee makes decisions and the decisions taken through delegation
- WECA policies and procedures

WoEIF scheme business cases are published before funding approval is given. External opinion expressed on these business cases by the public and other stakeholders will be made available to the WECA Committee to inform decision making.

## 2.4 Stakeholder engagement

The WECA Operational Framework and Business Plan will provide the initial basis for guiding investment decisions made by the WECA Committee. The emerging Local Industrial Strategy

will be informed by consultations with key stakeholders and partner agencies from across the West of England.

## 3 WECA Investment Fund - Project Lifecycle

### 3.1 Prioritisation

#### 3.1.1 *Prioritisation Process*

A West of England Investment Fund (WoEIF) has been created from the £900m investment agreed as part of the West of England Devolution Deal. It is essential that the process of prioritisation of projects for the WoEIF is both robust and transparent. The detail of the methodology to be used, including prioritisation process and metrics, will be formally agreed in advance of its application. The outcomes will be published on the WECA website and an audit trail retained. The WoEIF will be used to support the prioritisation process and the necessary scheme feasibility work and specification to enable the development of Outline Business Cases (see 3.2.2).

#### 3.1.2 *Scheme Identification*

Candidate schemes for funding through the WoEIF will be identified through their fit with the strategic and economic policy and plans for the area including the WECA Operational Framework and Business Plan, emerging Local Industrial Strategy, Joint Spatial Plan, Local Transport Plan and Mayoral Combined Authority Plans. This scheme identification process will be guided by a set of eligibility criteria [Note: the exact criteria to be included here once agreed]. The long list will be subject to 'gap analysis' to ensure that key interventions at the programme level have been considered for inclusion.

#### 3.1.3 *Long List Assessment*

Once a long list of interventions is agreed this will be subject to a multi-criteria assessment using a prioritisation tool to generate a medium list. This will use a weighted scorecard applied proportionately and will draw on quantitative and, where not readily available, qualitative data. [Note: the exact approach and criteria to be included here once agreed].

Guidance will be provided to scheme promoters to ensure consistency of data and requirements. Data inputs will be reviewed through a challenge session to ensure robustness and identify any information gaps.

#### 3.1.4 *Medium List Assessment*

Once the long list assessment has been undertaken a medium list will be generated which will be subject to further assessment through the production of Outline Business Cases. This programme will be tested to establish the economic impact and will be subject to financial modelling to develop a clear investment plan for WECA over the lifetime of the economic strategy. The Outline Business Cases will provide a description of the intervention, scheme cost, approach and timescales for delivery and the other information required to enable this assessment. [Note: the way the economic model to be used to be included once agreed] This will establish the initial WoEIF programme which will be approved by the WECA Committee.

## 3.2 Business Case Development

### 3.2.1 Business Case Stages and Proportionality

The business case development and appraisal process will apply the principle of proportionality, with more detailed information being required for large, complex or contentious projects. The application and appraisal process for WoEIF will involve two stages, as follows:

- **Outline Business Case (OBC)** – this will provide the underlying justification for the project and will be used in the prioritisation and programme development stage (see section 3.1.4). The OBC template is shown in Appendix 3.
- **Full Business Case (FBC)** – this will confirm the strategic context, make a robust case for change and identify the preferred option for delivery from a shortlist of options considered based upon how well it meets scheme objectives. It will include a detailed business case for the project consistent with HMT's guidance on the five case business case model which is developed to a level where it is capable of being given final approval. The FBC template is shown in Appendix 4.
- **Final Approval Business Case (FABC)** – for transport schemes over £5m an FABC will be produced which will add details of contractual and delivery arrangements along with confirmation of costs and benefits.

In the interests of efficiency and to avoid duplication, business cases will build upon, augment and draw upon the recommendations from the previous stages. The final content of and recommendations on the FBC (or for larger transport schemes FABC) will be included in the contractual agreements for funding. Where assumptions have been made, these should be clearly set out in the Business Case, with sufficient sensitivity testing carried out on these assumptions to demonstrate the robustness of the economic assessment.

### 3.2.2 Scheme Development Funding

Projects within the identified WoEIF programme, or those expected to be included in the programme as priorities identified by the constituent Councils, will be eligible to submit for scheme development support from the WoEIF. This will be based on the submission of a Scheme Feasibility and Development Funding Application Form which will identify tasks, timescales and costs for bringing forward an FBC. The template is shown in Appendix 4. All submissions will be appraised by WECA and approved by the WECA Committee.

### 3.2.3 Outline, Full and Final Approval Business Case Requirements

The FBC will be the first substantive business case document and will in particular need to demonstrate the strategic case for the project, through a thorough options appraisal to justify the preferred option. The assessment of Value for Money (VfM) will, in particular, underpin the economic case and the decision to move forward to the next stage of the appraisal process. This will follow the latest Green Book business case guidance and take account of project specific appraisal guidance published by the relevant government department, such as the DCLG Appraisal Guide (see Appendix 2).

For larger transport schemes, at FABC stage the investment proposal will build on the information provided in the FBC and confirm that the project has the necessary contractual/procurement and delivery arrangements in place for the project to proceed.

### 3.2.4 Due Diligence

The WECA is committed to undertaking due diligence activities that support effective decision-making and project appraisal. In relation to the WoEIF applications, the nature and timing of due diligence will depend on the individual project or scheme, the cost of the scheme and the potential impact of the project. WECA will be responsible for determining when the due diligence is carried out and by whom. A level of due diligence will be carried out by WECA, but external agencies will also be commissioned to carry out this function as appropriate.

## 3.3 Appraisal

### 3.3.1 Appraisal Criteria

The appraisal process for the WoEIF will be consistent with HM Treasury's Green Book and Business Case Appraisal process, including supplementary and departmental guidance, such as the Department for Transport's (DfT) WebTAG appraisal guidance for transport schemes over £5m and DCLG's Appraisal Guide. This will be based on the five cases model:

- **Strategic case** – which provides a compelling case for change and explains how the project fits with the objectives of the organisation and wider public sector agendas.
- **Economic case** – which describes how the project/preferred option represents best public value.
- **Commercial case** – which demonstrates that the deal is attractive to the market, can be procured and is commercially viable.
- **Financial case** – which confirms that the proposed spend is affordable.
- **Management case** – which confirms that what is required from all parties is achievable.

Projects will be appraised against these criteria and should also meet minimum thresholds and requirements (for example, a Benefit Cost Ratio that is at least acceptable and meets the established guidance for that project type).

For transport projects, the expectation is that all schemes must achieve "high" VfM (where benefits are at least double costs as set out within DfT's guidance) at all stages of the approval process. VfM for these schemes will be independently verified on behalf of WECA as part of the assessment process. This will be via a commission to a specialist transport consultant, fully independent from the scheme promoter and with no involvement in the development of the scheme being appraised. This review will be resourced through the WoEIF. The independent assessment will be published and made available to the WECA Committee as part of the decision making process

Notwithstanding the above principles on VfM, WECA will be able to approve transport schemes with lower VfM, having regard to specific circumstances including:

- Evidenced and compelling wider economic, social and environmental benefits.

- The ability of the scheme to address multiple WECA policy objectives.
- Significant levels of match funding being provided by the scheme promoter.

Such projects must have been subject to earlier rigour to assess options for de-scoping, or to explore higher VfM alternatives, and these considerations will be tested as part of the independent review of the business case and reported as part of decision making to the WECA Committee. This will include considering the robustness of the evidential basis to enable the WECA to determine the relative weights to be afforded to the different aspects of the case.

The recommendations to the WECA Committee will clearly explain the rationale for approving a lower VfM scheme and the implications of the recommendation.

### *3.3.2 Assessing Value for Money*

It is useful to keep in mind that good VfM, as defined by HM Treasury is the optimal use of resources to achieve the intended outcomes. 'Optimal' being 'the most desirable possible given expressed or implied restrictions or constraints'. VfM is not just about achieving the lowest initial price, it is defined as the optimum combination of whole life costs and quality, with due regard to propriety and regularity.

The NAO uses three criteria to assess the VfM of government spending i.e. the optimal use of resources to achieve the intended outcomes:

- **Economy** - minimising the cost of resources used or required (inputs) – spending less.
- **Efficiency** - the relationship between the output from goods or services and the resources to produce them – spending well.
- **Effectiveness** - the relationship between the intended and actual results of public spending (outcomes) – spending wisely.

For the WoEIF, the WECA will make investment decisions based on a range of evidence, such as the strategic case and other local impacts and analysis of cost effectiveness (including GVA impact at the local level), as well as the wider VfM appraisal. This evidence will be consistent with HM Treasury's Green Book and other relevant departmental appraisal guidance.

As set out in the National Guidance, in addition to following the Green Book business case guidance, the methodology used to assess VfM will also need to be in line with the established guidance prescribed by relevant government departments. These are set out in Appendix 2.

Whilst recognising the national BCR will remain the universal metric to assess VfM, WECA will take account of a range of evidence when deciding to invest in a project (such as the local impacts on the economy and investment unlocked) within the context of a wider VfM appraisal. In the event that the national BCR is low/poor, WECA may still decide to invest in a project based on the strength of evidence presented within the overall business case, including the strategic case and local impacts.

External advice will be commissioned where required including for independent review of business cases. The assessments will be proportionate to the relative size of the schemes being promoted, but will, as a minimum, provide independent validation of the assumptions made by scheme promoters.

Further safeguards will be put in place to avoid any conflict of interest that may arise between consultants acting on behalf of scheme promoters and those that are being asked to provide independent assessments on behalf of WECA.

Full Business Case, including their value for money, will be signed off by the s151 or Chief Finance Officer of the promoting organisation. As is the case for VfM statements, Full Business Case appraisal reports will be signed off by the WECA s151 Officer. Where WECA is the scheme promoter separation of roles will be ensured and business case sign off will be provided by another member of the WECA Senior Management Team or the s151 Officer from one of the constituent Councils. The appraisal reports will be presented to the WECA Committee as part of the decision-making process.

## 3.4 Approval process

### *3.4.1 Approval process and timeline*

To ensure the WoEIF is managed strategically an officer of WECA will be identified who will be responsible for the overall management of the programme and that linkages are made within the portfolio of projects seeking investment. The steps outlined below, highlight the WoEIF appraisal and approval process for individual projects, which are shown in greater detail in the flowchart in Figure 3.1

The time taken to assess projects will depend on the nature and complexity of the proposal. The stages for submission broadly relate to:

- 1) Outline Business Case will be submitted for assessment and prioritisation (see in section 3.1).
- 2) Scheme included within the WoEIF will then proceed to an FBC which will then be appraised by WECA.
- 3) A report and recommendation will then be submitted to the WECA Committee on the approval of the scheme.

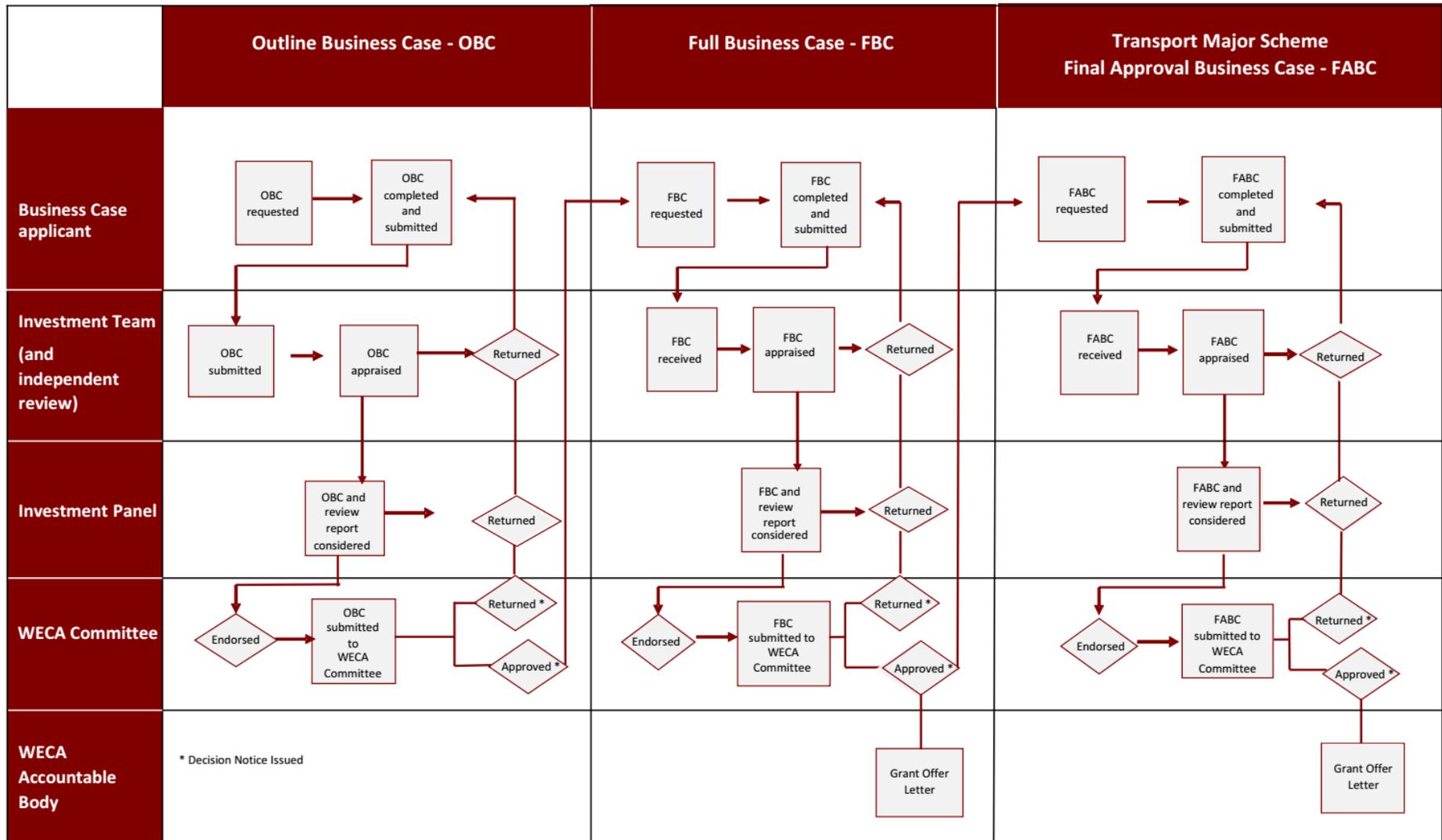


Figure 3.1: Business Case Development and Approval Process

- 4) For transport schemes over £5m, following submission of a FABC an approval decision will be made by the WECA Committee.
- 5) Where projects are being recommended for approval that have low value for money, the FBC/FABC must provide supporting evidence that the project meets the other core criteria, for example having a strong strategic rationale for approving the project.
- 6) Aside from where WECA is the scheme promoter, WECA will prepare an offer letter/contract for agreement by the applicant.
- 7) Independent assessments of WoEIF schemes will be reported to the WECA Committee as part of the recommendations made on the merits of individual applications. These appraisals will form appendices to these reports, and will form a part of the WECA Committee's public agenda pack that is available to view on-line.

The offer letter will, in particular, set out the following which will be monitored by WECA:

- A financial profile including quarterly expenditure.
- A profile of outputs and outcomes to be achieved with key milestones for delivery.
- Projected impacts and a timetable for their achievement.

### 3.5 West of England WoEIF Programme Management

Within WECA, a performance management system will be used to collate, record and report on the progress of individual projects and the WoEIF overall. Where projects do not achieve their milestones for delivery, projects will need to provide evidence to demonstrate that they will be able to get back on track or seek approval for change. Projects that consistently fail to meet projected performance (financial and outputs) may have funding withdrawn. Projects 'at risk' will be reviewed, and the outcomes of this process will be referred back to the WECA Committee, prior to any withdrawal of funding and decision on expenditure incurred.

There are a number of mechanisms that will ensure effective management of the WoEIF to maximise the economic impact within the area. These include:

- Designation of the WECA s151 officer as having overall responsibility for management and reporting on the performance of the WoEIF to the Departmental Accounting Officer within MHCLG (and Parliament).
- Establishing mechanisms and identifying roles to effectively monitor, evaluate and review the performance of projects in the WoEIF in respect of delivery, expenditure and outputs/outcomes.

A monitoring system will be established for the WoEIF to record financial expenditure and claims and the achievement of outputs and outcomes. Quarterly Highlight Reports will be submitted to WECA providing progress against key milestones and actual and forecast spend. In addition, the achievement of key performance indicators (KPIs) – capturing outputs and outcomes achieved in pursuing WECA's overall growth and wider objectives will be periodically reported linked to scheme Monitoring and Evaluation Plans. The template Highlight Reports for

approved schemes and those awarded feasibility or development funding are shown in Appendix 6 and 7 respectively.

### *3.5.1 Risk management*

A programme risk register will be established for the overall WoEIF and will be maintained and regularly reported to the Directors Board. As set out in section 2.2.3, key risks added to the Corporate risk register will be monitored (alongside the performance monitoring procedures) by Internal Audit and reported to the Audit Committee. The s151 Officer will be responsible for the identification and management of risk for the WoEIF.

A risk management strategy and risk register will form part of the management case of each scheme OBC or FBC. Risks will be managed through appropriate mitigation measures agreed with the project applicant prior to approval of the scheme. Key and current risks will form part of the regular scheme highlight reporting.

Overall risk management for the WoEIF will have regard to the ongoing monitoring of achieved investment performance against projected growth. Appropriate measures will be adopted to ensure that the monitoring of investments provides an informed basis for future investment decisions.

### *3.5.2 Project Closure*

All projects will be required to produce a project closure report at the end of the project (within 3 months of completion), which demonstrates that:

- All activities have been delivered in accordance with the offer letter.
- All funding has been spent appropriately in line with the projected financial profile for the project.
- There are no outstanding risks or actions that need to be taken to sign the project off by WECA.
- All relevant outputs and key milestones have been achieved.

The project closure report will capture the immediate success of the project and also agree next steps related to the monitoring and evaluation requirements of the funding.

## 4 Monitoring and Evaluation

### 4.1.1 Overview

WECA is developing a comprehensive performance management system and an evaluation framework that will operate at both the corporate level and at the individual programme/project level. This will enable WECA to:

- Monitor impacts and progress towards organisational goals, and to understand whether projects are on track to deliver projected outputs and outcomes.
- Assess the additionality of activities (and impacts) and to assess whether a project or programme has achieved VfM.
- Identify the sustainability of impacts, and the equity implications of activities.
- Maintain scrutiny and accountability.
- Inform future investment prioritisation and resource allocation.
- Identify what works (and what does not), and in what circumstances, to inform future activities and delivery and the sharing of best practice.

### 4.1.2 Performance Monitoring

All projects funded by the WoEIF, regardless of the size, will have an effective monitoring and evaluation plan in place which will form a key part of the business case. This will enable assessment of the effectiveness and impact of investing public funds, and the identification of best practice and lessons learnt that can inform decisions about future delivery. The monitoring plan will guide the collection of data from individual projects and will be designed to ensure that it captures information required by WECA and government.

Individual monitoring and evaluation plans will be proportionate, correspond with procedures for appraisal, and be in line with the latest government department guidance where relevant. These plans will identify the resources required to deliver the proposed monitoring and evaluation activities. All transport schemes (over £5m) will follow Monitoring and Evaluation Guidance for Local Authority Major Schemes.

All monitoring and evaluation plans (which will form part of FBCs/FABCs) and interim and final monitoring and evaluation reports will be published on the WECA website.

The offer letter will set out the key milestones for the delivery of the scheme together with the outputs and outcomes detailed in the business case and embodied in the monitoring and evaluation plan. Quarterly monitoring returns will be used to capture progress against these agreed milestones and metrics and will include information related to:

- Delivery.
- Expenditure.
- Outputs and outcomes.

The individual project monitoring information will feed into an overall monitoring plan for the WoEIF, which will be published and reported to the WECA Committee, including the extent to which projects are contributing to the overall objectives of WECA. The achievement of wider impacts will be gathered as part of the evaluation work.

#### *4.1.3 Evaluation and Benefits Realisation*

The evaluation component of individual projects' monitoring and evaluation plans will need to complement the five-year Single Pot Investment Fund Gateway Review. This government evaluation will focus on identifying the impact of investments made using the Gain Share funding.

Monitoring and Evaluation Plans, which form part of business cases, should identify the outcomes (benefits) planned to be delivered, how outcomes will be measured, a baseline assessment, and how it is intended to implement, monitor and assess the project to identify whether the benefits have been realised in line with the approach and timescales set out in the Plan.

Projects will be requested to produce a project closure report (within 3 months of project completion) and within this re-confirm the monitoring activities set out in the Monitoring and Evaluation Plan. The report will also require applicants to identify lessons learnt to inform the future delivery of projects through the WoEIF and more widely.

#### *4.1.4 Five-Year Gateway Review*

WECA will be subject to five-yearly Gateway Reviews to assess investment impact of Gain Share funding in line with the National Evaluation Framework.

An independent panel, as agreed with HM Government, has been established managed by a Steering Group to undertake the Review and this external assessment provides a further incentive to encourage appropriate project appraisal, assurance and VfM processes.

#### *4.1.5 Annual Assurance Framework Review*

The WoEIF assurance framework will be subject to an annual review (at a minimum) to ensure that it remains fit for purpose and up to date. Where significant changes are made, for example as a result of additional powers or funding, adjustments made to the assurance framework will be agreed with MHCLG.

The prioritisation, appraisal and approval processes underpinning the WoEIF will also be reviewed on an ongoing basis to ensure that they remain proportionate and provide the sufficient assurances regarding VfM and the best use of public resources.

## 5 Summary of Key Assurance Requirements

A summary of the key assurances in relation to the WoEIF are set out in Figure 5.1. This includes key responsibilities for management and delivery and oversight. WECA will have overall accountability for the assurance framework.

**Figure 5.1 - Summary of assurance functions and reporting arrangements**

<b>Function</b>	<b>Responsibility for delivery/management:</b>	<b>Overview:</b>
WECA Operational Framework and Business Plan/Local Industrial Strategy	WECA	WECA Committee
WoEIF prioritisation of funding	WECA	WECA Committee
Appraisal of WoEIF applications (including VfM)	WECA	WECA Committee
Due Diligence	WECA	WECA Committee
Approval of WoEIF applications	WECA	WECA Committee
Financial management of WoEIF	WECA Chief Finance Officer	WECA Committee Audit committee
Performance management	WECA Head of Paid Service	WECA Committee WECA Overview and Scrutiny Committee
Risk management	WECA Chief Finance Officer	Audit Committee
Scrutiny	WECA Monitoring Officer	WECA Overview and Scrutiny Committee
Assurance	Internal Audit	Audit Committee
Contract management - WoEIF project performance, monitoring and closure	WECA	Chief Finance Officer
Benefits realisation and evaluation	WECA	WECA Committee

## 6 Appendix 1

### Change Management Delegations for WoEIF

<b>Category</b>		<b>Scale</b>	<b>Approval</b>
1	Cost Increases	Cost increases of up to 10% to a ceiling of £100k (Feasibility and Development Funding) and £300k (approved scheme funding) subject to funding being available and there being no impact on any other project ion the programme	WECA CEO, in consultation with WECA Directors (the Director of Development at WECA and the 3 Constituent Authorities)
		Cost increases above this threshold	WECA Committee
2	Reductions in Match Funding	Reduction in match funding up to 10% to a ceiling of £300k	CEO in consultation with WECA Directors
		Reduction in match funding above this level	WECA Committee
3	Reprofiling of Spend (with no cost increase overall)	Reprofiling of up to £50k (Feasibility and Development Funding) and £100k (approved scheme funding) between financial years	CEO in consultation with WECA Directors
		Reprofiling between financial years above this level	WECA Committee
4	Time	Slippage of milestone(s) for approved schemes less than 3 months	CEO in consultation with WECA Directors
		Slippage of milestones of 3 months or more	WECA Committee
5	Scope, Benefits and Quality	Up to 10% change in value of quality as percentage of project value and/or 10% change in one or more metrics of benefits and/or minor change to the scope of the scheme	CEO in consultation with WECA Directors
		Over 10% change in value of quality as percentage of project value and/or over 10% change in one or more metrics of benefits, or a fundamental change to the scope of scheme	WECA Committee

All decisions made through delegation based upon the submitted change request will be reported on WECA's officer decision register

## 7 Appendix 2

### 7.1 Methodology to assess Value for Money for Various Scheme Types

#### 7.1.1 Transport

The standard against which WECA will assess the robustness of the economic case of transport projects with a capital cost in excess of £5m will be the established methods and assumptions within WebTAG. Schemes will also be subject to the minimum requirements on VfM assessment, assurance and evaluation of transport projects set out in Appendix B of the Single Pot Assurance Framework National Guidance based on the requirements for the Local Growth Fund. The modelling and appraisal of transport schemes, defined as any scheme that significantly changes the transport network infrastructure, must be developed in accordance with the guidance published in WebTAG (the DfT's appraisal guidance). The central case used in scheme appraisals will also need to be based on forecasts which are consistent with the latest version of NTEM (the DfT's planning dataset). Appraisal results from this central case will be clearly reported to decision makers. At both FBC and FABC stages of the approval process, the economic case will also be reviewed and updated to reflect changes in the scheme's scope and cost, and extant WebTAG / NTEM guidance.

A VfM statement and a monitoring and evaluation plan will be required for all transport projects of £5 million and above, in line with DfT advice on assessing VfM<sup>1</sup> and monitoring and evaluation<sup>2</sup>. This VfM statement will be produced by scheme promoters and independently scrutinised by WECA, drawing on independent technical support and ensuring there are no conflicts of interest. The statement will be signed off by the s151 Officer, who will be responsible for overseeing the commissioning and monitoring of the review process, and this will be formally recorded. Where WECA is the scheme promoter, the value for money statement will form part of the business case endorsed by another member of WECA's Senior Management Team and this will be signed off by WECA's s151 officer. The economic case including the VfM statement will be published and presented to the WECA Committee as part of the decision-making process at each stage in the approval process.

All transport schemes (over £5m) seeking funding will follow the most recent monitoring and evaluation guidance for local authority major schemes in regard to publishing monitoring and evaluation plans. Interim and final monitoring and evaluation plans will be published on the WECA website as part of FBC/FABC approval. Evaluation reports will be produced and published one year and around 5 years post completion.

Monitoring and evaluation plans will be reviewed as part of business case approval including identifying the level of monitoring and evaluation for the scheme with regard to guidance<sup>3</sup> and the resources identified to undertake the proposed activities.

#### 7.1.2 Housing

Homes England good practice, advice and guidance will need to be adhered to, alongside DCLG's appraisal guide for residential and non-residential development. To assist the decision

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<sup>1</sup> <http://www.gov.uk/government/publications/value-for-money-advice-for-local-transport-decision-makers>

<sup>2</sup> <http://www.dft.gov.uk/publications/evaluation-local-major-schemes>

<sup>3</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/9154/la-major-schemes-monitoring-evaluation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/9154/la-major-schemes-monitoring-evaluation.pdf)

making process, each business case will need to provide estimates of the Benefit Cost Ratio and Net Present Public Value.

### *7.1.3 Skills Capital*

Skills Funding Agency good practice, advice and guidance will provide a reference for skills capital projects. These projects will be expected to follow the same business case process and requirements as other schemes within the WoEIF.

### *7.1.4 Enterprise, innovation and business support*

These projects will need to demonstrate ability to deliver VfM through evidence-based business cases aligned with HM Treasury Green Book guidance, with a commitment to publishing results to add to the evidence base on what works and contribution to local and national policy goals on productivity and growth

### *7.1.5 Regeneration*

Projects will need to be in line with the National Planning Policy Framework and the Planning Practice Guidance. For projects beyond housing and transport interventions, for example enabling works, land assembly, utilities and/or public realm projects, the DCLG appraisal guide will be useful in helping to appraise the costs and benefits of these types of interventions.

## 8 Appendix 3

### 8.1 Outline Business Case Template

## 9 Appendix 4

### 9.1 Full Business Case Template

## 10 Appendix 5

### 10.1 Feasibility and Development Funding Application Form Template

## 11 Appendix 6

### 11.1 Scheme Highlight Report Template

## 12 Appendix 7

### 12.1 Feasibility and Development Scheme Highlight Report Template