

Cumbria Local Enterprise Partnership

CENTRAL ASSURANCE FRAMEWORK

February 2017

PART ONE: LEP GOVERNANCE AND DECISION MAKING

1.1 Name

The purpose of the Cumbria LEP Central Assurance Framework is to put in place value for money processes for managing the delivery of all Government funding flowing through the Cumbria LEP where Cumbria County Council has agreed to be the accountable body on behalf of the LEP. This relationship will be managed through a Memorandum of Understanding.

1.2 Role of Cumbria LEP

The LEP is a strategic body, which brings together the private and public sectors to support economic growth across the geographical area of Cumbria and incorporating the local administrative areas of the County Council and its six District and Borough Councils.

1.3 The vision for the LEP is for:

‘Cumbria to have one of the fastest growing economies in the UK, in an energised and healthy environment’

1.4 Aims and priorities of the LEP

Cumbria LEP’s main aims and priorities are:

- Championing the economic interests of Cumbria internationally, nationally, regionally and locally.
- Driving enterprise, innovation and growth in the Cumbrian economy, delivering real long-term growth in the most efficient and effective ways possible through both our rural and urban based businesses.
- Providing a single voice for Cumbria in influencing the development of EU policies which directly impact on Cumbria, and in championing opportunities for Cumbria to maximise the benefits of Europe including access to international markets and to funding.
- Working to establish effective networks with other LEPs with similar issues, sharing best practice, addressing joint issues and pooling resources.

- Strengthening Cumbria's social enterprise fabric to unlock the energies and resources of our communities in delivering innovative solutions to local issues.
- Stimulating job growth within the private, community and third sectors.
- Secure and utilise funding to deliver a real return on investment, as well as addressing the barriers to development.
- Through the partnership, provide the economic and business intelligence, including trend analysis and projections, needed to help inform constructive decision making.
- Commissioning the development of a programme of prioritised activities in response to current and future economic opportunities.

In order to do this the LEP will;

- Provide the strategic economic overview for the use of EU Structural Funds and Single Pot funds within Cumbria, as well as any other funding which becomes available
- Undertake and share relevant research
- Work together to progress priorities of economic importance where there is a real synergy and added value in working together.
- Support the conditions through which a more creative, responsive and flexible working relationship can exist between business and government at all levels.
- Seek resources, freedoms and flexibilities to progress strategic growth priorities.
- Operate in the spirit of transparency, openness and collaboration to support the public interest.

To fulfil this role, the LEP may act to bring together intelligence, expertise and community and business support to identify priorities and develop solutions to maximise the LEP area's economic opportunities and address barriers to growth.

Cumbria is a diverse county with a broad spectrum of stakeholders that reflect the social, economic and political communities across the county. The process for selection and appointment of private sector Board Members, as set out in Appendix 15, seeks to ensure that representation across the LEP reflects the communities and geographies of Cumbria – including business sector, size and geography.

In all decision-making the LEP will pay due regard to the Equality Act 2010 and is committed to providing equality of opportunity and tackling discrimination, harassment, intimidation and disadvantage. This statement reinforces the responsibility of our partners under the Equality Act 2010 to ensure equality of opportunity for all sections of the community.

1.5 Geography: The geography of the Cumbria LEP is the area enclosed by the boundary of the county of Cumbria.



1.6 Legal Status

The LEP is an informal partnership. It does not have legal status to enter into contracts and primarily acts through Cumbria County Council as the accountable body for the projects it funds (but not exclusively).

1.7 LEP Accountable Body

Cumbria County Council has agreed to act as accountable body where Government funding is provided to a local authority on behalf of the LEP. A Memorandum of Understanding between the LEP and the County Council sets out the roles,

responsibilities, accountability, transparency, reporting, monitoring and evaluation requirements ("the MOU"). This assurance framework should therefore be read in conjunction with the MOU. A copy of the MOU is attached at Appendix 1 of this document. (*This is in the process of being reviewed*)

1.8 LEP Governance

The LEP is a private sector-led private/public partnership. The Board comprises six representatives from the private sector, including the Chair who has a casting vote, and six from the public sector. There are two Vice Chairs, one appointed from the private sector and one from the public sector.

The six private sector members are drawn from the following business sectors:

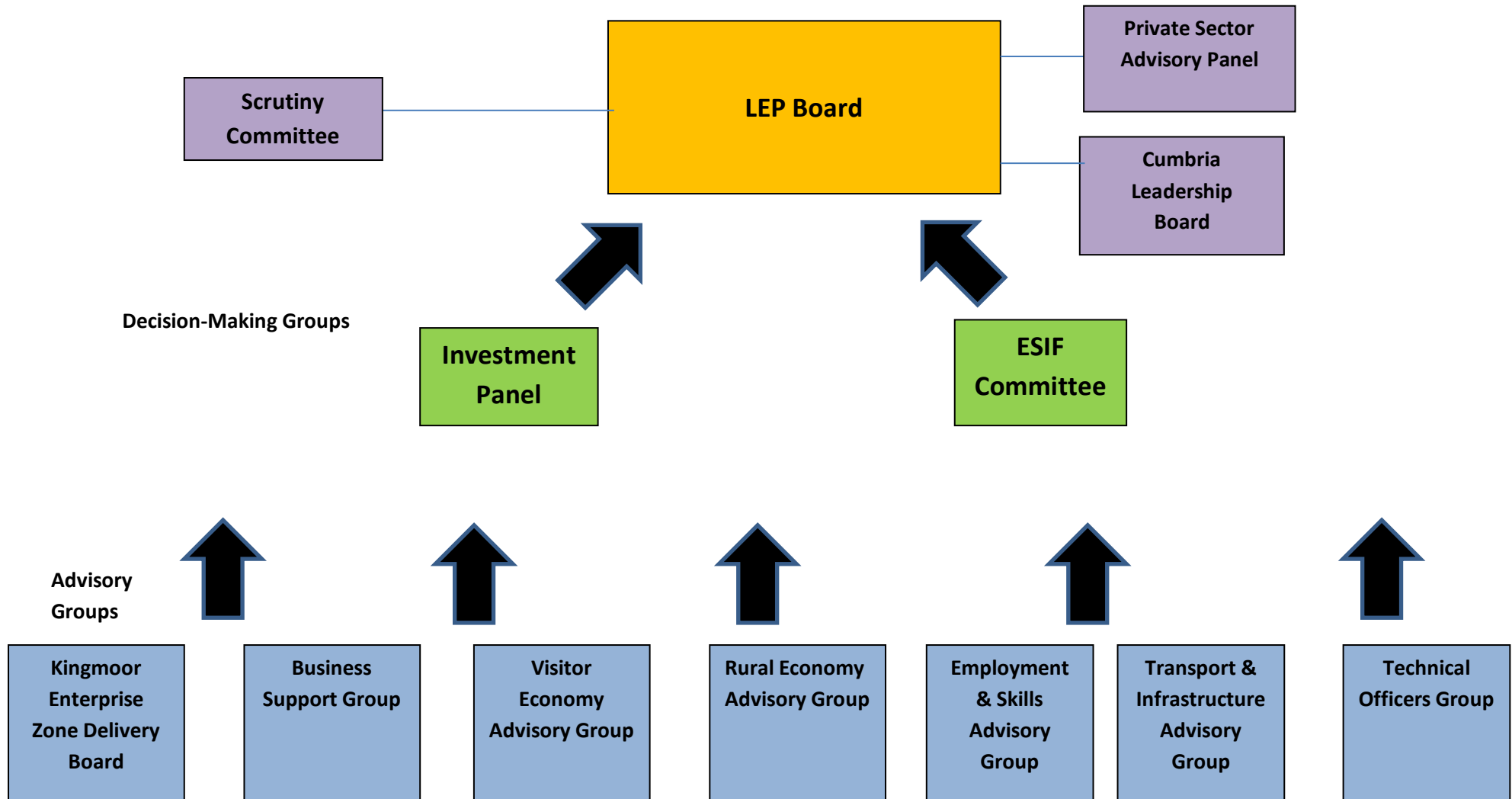
- Representation from SME businesses
- Representation of larger businesses
- Visitor Economy
- Energy Sector
- Manufacturing Sector
- Rural Economy

The six public sector representatives are drawn from the following organisations:

- Cumbria County Council
- Carlisle City and Eden District Councils
- Allerdale and Copeland Borough Councils
- Barrow Borough and South Lakeland District Council
- Lake District National Park Authority
- Further and Higher Education Institutions based in Cumbria.

The structure of the LEP is illustrated below:

Cumbria LEP Governance Structure



In summary, the LEP has in place the following arrangements for governance of its funding programmes, agreed between the LEP and the County Council:

- Memorandum of Understanding relating to the arrangements under which the County Council will act as accountable body for the LEP - Appendix 1
- Terms of Reference for the LEP Board – Appendix 2
- Terms of Reference for the LEP Investment Panel - Appendix 3
- Terms of Reference for the ESIF Committee – Appendix 4
- Terms of Reference for the Transport & Infrastructure Advisory Group - Appendix 5
- Terms of Reference for the Employment and Skills Advisory Group – Appendix 6
- Terms of Reference for the Business Support Group – Appendix 7
- Terms of Reference for the Visitor Economy Advisory Group – Appendix 8
- Terms of Reference for the Rural Economy Advisory Group - Appendix 9
- Terms of Reference for the Technical Officers Group – Appendix 10
- Terms of Reference for the Kingmoor Enterprise Zone Delivery Board – Appendix 11
- Financial Scheme of Delegation – Appendix 12
- Terms of Reference for the Scrutiny Committee – Appendix 13
- Terms of Reference for the Private Sector Advisory Panel – Appendix 14
- Process for appointing Private Sector Board Members – Appendix 15
- Terms of Reference for Cumbria Leaders Board – Appendix 16
- LEP Engagement Strategy and Communications Protocol - Appendix 17
- LEP Complaints policy – Appendix 18
- LEP Social Value policy – Appendix 19
- LEP Code of Conduct – Appendix 20
- LEP Whistleblowing Policy – Appendix 21

The Board is complemented by a range of sub and advisory groups. Each group has terms of reference that are agreed by the LEP Board and will each report to the LEP Board. All Terms of Reference for the Sub-Groups are appended to the assurance framework as identified above.

There are two groups with delegated decision making responsibilities. Their remit is to make investments decisions on delegated funding programmes or on other areas of activity delegated to them by the Board in line with their terms of reference. These sub groups are:

- **the Investment Panel** – is responsible for making investment decisions on projects of up to £1,000,000 on behalf of the Cumbria LEP Board on delegated funding programmes, referring investment decisions on projects over £1,000,000 to the LEP Board, and agreeing limited changes to investment decisions. Its terms of reference are set out in Appendix 3. The purpose of the Panel is to provide oversight on the successful investment of delegated funding programmes to further the ambitions of Cumbria LEP's Strategic Economic Plan.
- **the ESIF Committee** – is responsible for investment of European funding. It will oversee the investment of European funds to ensure the successful implementation of Cumbria's 2014-2020 EU funding allocation to maximise the impact on the local economy. Its terms of reference are set out in Appendix 4.

There are seven sub groups that perform a strategic advisory role in support of delivering LEP priorities. These are:

- **the Transport and Infrastructure Advisory Group** – is the focus of activity to secure improvements to Cumbria's transport and infrastructure. The Group provides the LEP Board with advice and recommendations about strategic infrastructure, transport and strategic planning issues, promotes Cumbria's strategic transport, infrastructure and planning needs and priorities at local, regional and national level: and, contributes to the development of, and oversee the delivery of, the LEP's Cumbria Infrastructure Plan. The terms of reference are set out in Appendix 5;
- **the Employment and Skills Advisory Group** - is the focus of skills activity on behalf of the LEP, reporting to the Board and supporting the LEP's key priorities. The Advisory Group provides advice to the Cumbria LEP on skills and employment activities including advice on the allocation, management, monitoring, co-ordination and influencing of UK funds provided to the LEP and other bodies, and works to secure LEP and wider partnership support for the strategic allocation of the funds to drive upskilling and higher levels of employment within Cumbria in line with the Cumbria Skills Plan. The terms of reference are set out in Appendix 6;
- **the Business Support Group** - is the focus of business support activity on behalf of the LEP. The Group brings together the core countywide private sector led business support expertise and seeks to maximise coordination of business support activity, seeking to

encourage cooperation, minimise duplication and maximise the use of available resources. The terms of reference are set out in Appendix 7;

- **the Visitor Economy Advisory Group** - is the focus of activity to create a vibrant visitor economy in Cumbria. The Group supports effective and targeted investment, co-ordination of funding initiatives and opportunities, and informs, advises and makes recommendations to the Cumbria LEP. The terms of reference are set out in Appendix 8;
- **the Rural Economy Advisory Group** – is the focus of activity to create a vibrant rural economy in Cumbria. The Group supports effective and targeted investment, co-ordination of funding initiatives and opportunities, and informs, advises and makes recommendations to the Cumbria LEP. The terms of reference are set out in Appendix 9;
- **the Technical Officer Group** – is the focus of public sector activity to ensure the LEP is effective and to support the delivery of the Cumbria Strategic Economic Plan. The group provides support to ensure public sector co-ordination to achieve partnership and collaboration. The terms of reference are set out in Appendix 10;
- **the Kingmoor Enterprise Zone Delivery Board** – is the focus of activity to deliver the Kingmoor Enterprise Zone. The Board oversees strategic decision-making, stewardship and operational delivery of the Enterprise Zone. The terms of reference are set out in Appendix 11;

The **Scrutiny Committee** is a sub group that provides an independent scrutiny function on the activities of the LEP. Its terms of reference are set out in Appendix 13.

Subject to the provisions below, the Board may initiate task and finish Expert Groups to undertake work to further the Board's objectives. Such groups shall be fully accountable to the Board and shall cease operation when their work is complete.

Expert Groups may be sectoral or cross cutting. Each Group is chaired or championed by a member of the Board and is made up of an appropriate mix of private sector volunteers from individual businesses, relevant business representative organisations and others from the private and public sector with appropriate knowledge and expertise. The establishment of Expert Groups is to be

agreed by the Board with a clear mandate provided setting out their purpose and the contribution to be made to the LEP aims and objectives.

The role of Expert Groups is to:

- consider issues and produce issues papers, including suggested actions; and
- to input into the above, engagement and research with the business community, working with the Secretariat function.

Each Expert Group will provide its own administrative support, using templates and processes provided by the Secretariat and feeding these into the central repository.

1.9 Local Audit and Scrutiny

Funding Programmes delivered through the LEP, where Cumbria County Council acts as accountable body, will be audited in accordance with the County Council's requirements. Funds will be subject to the audit requirements of the funding programme and quarterly monitoring reports will be produced and presented to the LEP Board.

All funding programmes will be subject to an annual audit.

The LEP will comply with all reasonable requests to provide information and documents (including invoices, receipts and other relevant records) required by any audit and permit entry onto its premises by any auditor who reasonably requests such access in order to carry out an audit of a funding programme for which Cumbria County Council is accountable body.

The LEP scrutiny committee will be responsible for the scrutiny of activity undertaken by the LEP. The scrutiny committee is composed of public and private representatives.

The LEP Board will be responsible for ensuring that the LEP is fully compliant with all legal, audit and financial requirements and compliant with the Scheme of Delegation as set out in Appendix 12.

The LEP accountable body function will also be subject to the scrutiny process of Cumbria County Council in accordance with Part 4 of the County Council Constitution.

1.10 Decision Making

The LEP Board and the other bodies listed above will make decisions in accordance with their Terms of Reference and any specific requirements of the accountable body.

The Memorandum of Understanding between Cumbria County Council (the accountable body) and the LEP as set out in Appendix 1 provides the detail of the relationship between the LEP board and the supporting local authority.

Decisions on LEP funding are undertaken by the LEP Board, the LEP Investment Panel, and the ESIF Committee. Decisions are made in accordance with the individual groups' terms of reference.

The Investment Panel will act as the LEP Programme Board and will support the effective delivery of projects. The Board will be a forum for discussion of issues affecting the delivery of projects and the key issues relating to the overall performance of the programme.

As accountable body, the County Council will undertake the work, in partnership with the LEP, to comply with the funding obligations, under the overall supervision of the Council's Assistant Director of Finance (Section 151 Officer).

1.11 Amendments to the Assurance Framework

Amendments to the Assurance Framework, the terms of reference for the Board and the sub groups shall be reviewed and revised as appropriate every three years by the LEP Board (or earlier if required). The Assurance Framework is reviewed annually to reflect any updates to National Guidance. Following that review it is updated as required and approved by the LEP Board. It is then signed off by the s151 Officer for the Accountable Body as being compliant with the National Framework and fit for purpose.

PART 2: STRONG SUPPORTIVE LOCAL AUTHORITY PARTNERSHIP WORKING ACROSS THE LEP

2.1 Local Authority Partnership Working

Within Cumbria, the Strategic Economic Plan is the key driver for the delivery of the County's economic aims and objectives. Through collaborative work undertaken through the groups identified below the SEP underpins the local authority partnership arrangements in place to facilitate joint decision making and collaboration on growth and economic development between all local authorities within the LEP area. This is evidenced through the Cumbria Leadership Board, the Cumbria Chief Executive's Group and the Cumbria Technical Officers Group.

The Cumbria Leadership Board is composed of leaders of key public sector organisations around the county and is a long established partnership of public and third sector bodies, including all of the Council leaders from the local authorities who are represented on the LEP Board, and wider public sector partners. It provides the forum for public sector partners to co-ordinate their activities to support the LEP. The public sector members on the LEP Board are all represented at the Cumbria Leaders Board. The LEP Chair and / or LEP Director are invited to attend. Through this representation there is a clear line of communication between the LEP and the public sector authorities and bodies, thereby providing a forum for collaborative working and decision making between the LEP and the public sector.

Chief Executives from the Local Authorities and other Public Sector bodies are represented on the Chief Executives Group. The Chief Executives Group advises the Cumbria Leaders Board on potential future developments and joint delivery of services. The LEP Director is invited to attend.

Senior Officers from each Local Authority are represented on the LEP Technical Officers Group. The group promotes partnership working across the local authority areas of Cumbria and advises the LEP on a wider range of issues including transport, skills and economic development. It is an opportunity for collaborative working to be undertaken and for cooperation on policy objectives to be delivered. The LEP Director also attends.

PART 3 TRANSPARENT DECISION MAKING

3.1 Transparent Decision Making

The LEP will adhere to the Local Government Transparency Code. The LEP engagement strategy, as set out in Appendix 17, outlines how members of the public will be able to engage with the activity undertaken by the LEP. Data on decisions and awards made will be published via the LEP website, www.cumbrialep.co.uk

The LEP will adhere to Cumbria County Council's Access to Information Procedures Part 10A (Appendix A Item 2), which includes provisions governing the publication of reports, agendas and minutes, and notice of meetings. Consultation will be carried out in line with the Government's Consultation Principles as published on the Cabinet Office web site 17 July 2012. www.cumbrialep.co.uk

Meetings of the LEP will be held at the Cumbria LEP Conference Centre, Redhills, Penrith.

The Agenda and papers for meetings shall be approved by the Chair and issued at least 5 clear working days in advance of the meeting.

The Agenda and papers shall be disseminated by the Secretariat, with the agreement of the Chair. LEP Board or Sub Group Members wishing to propose items for the Agenda should contact the Secretariat. Final papers for meeting discussion shall be made available in accordance with the Local Authorities Access to Information procedures.

Minutes of meetings shall be approved in draft form by the Chair and disseminated to Board or Sub Group members no later than ten clear working days following the meeting. Minutes shall remain in draft until approval by the Board or Sub Group Members at the next meeting.

Minutes shall be made publically available on the LEP website no more than five working days following approval by the Board or Sub Group, except for minutes which are not suitable for release into the public domain in line with the procedures in Section 3.2 below.

The LEP will publish an annual report of activity as well as all papers associated with its work (except when agreed by the LEP Board that the information is commercially confidential) through the bespoke website www.cumbrialep.co.uk managed through Cumbria Chamber of Commerce.

The LEP has an engagement strategy that sets out how it will engage with stakeholders and ensure information is accessible via its website. The engagement strategy is set out in Appendix 17.

The LEP will make the following available on its website:

- LEP Strategic Economic Plan and supporting documents
- Agendas, minutes and reports of each meeting
- The Central Assurance Framework
- LEP Board Terms of Reference and various committees of the LEP
- Eligibility criteria for funding schemes
- The methodology for prioritisation for funding schemes
- Programme Updates (including the Growth Deal)
- Scheme monitoring and evaluation reports
- Code of Conduct
- Board register of interests
- Enquiries and Complaints policy
- Whistleblowing Policy

Key documents and information will be available on the LEP website for all stakeholders and members of the public to access. The LEP has a dedicated e-mail address info@cumbrialep.co.uk allowing stakeholders and the general public to request information or make general enquires relating to publicly funded programmes. Where consultation is required as schemes are developed stakeholders and the general public will be invited to participate via the website or directly as appropriate.

3.2 Information not to be placed in the public domain

Where the LEP is aware that it holds “confidential information” under The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, this information will remain confidential. This includes:

- Information provided by a government department on terms which forbid the disclosure of the information to the public;
- Where disclosure to the public is prohibited by a court or;

- Where the Local Enterprise Partnership holds “exempt information” under Schedule 12A of the Local Government Act 1972. This includes information relating to an individual, relating to the financial or business affairs of a particular person, negotiations, labour relations, legal professional privilege and in connection to the investigation or prosecution of a crime.

Papers for meetings will be marked as Part 1 or Part 2 with Part 2 papers being designated as containing confidential information. For any paper designated as Part 2 the reason for inclusion as such must be provided with the meeting papers.

3.3 Freedom of Information

The LEP shall co-operate with any of the local authorities within the geographical area in which it operates and supply to them all information properly required in connection with any request received by any such local authority under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 and shall supply all such information and documentation within 7 days of a request being made.

In the event the LEP receives a request for information under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 it shall forward such a request to Cumbria County Council as its accountable body (or other partners as appropriate).

The work of the LEP will be bound by Cumbria County Council's standards for information compliance and complaints as defined at <http://www.cumbria.gov.uk/complaints/default.asp>

3.4 Decision Making Principles

The LEP will operate the same principles of decision making as Local Authorities, which means that all decisions of the LEP will be made in accordance with the following principles: (a) proportionality (i.e. the action must be proportionate to the desired outcome); (b) due consultation and the taking of professional advice; (c) respect for human rights; (d) a presumption in favour of openness; (e) clarity of aims and desired outcomes; and (f) an explanation of what options were considered and the reasons for the decision.

No funding provided under the DCLG Local Growth Fund shall be spent on expenditure incurred in retaining the services of lobbyists to influence public officials, MPs, political parties or the Government

Schemes supported with government funding will be prioritised, developed and assessed against the strategic appraisal framework included within section 5 of this document. This will be used to support the decisions of the LEP Board, the Investment Panel, and the ESIF committee.

In developing schemes, project sponsors will be expected to identify how the scheme maximises social value. Schemes should identify how they contribute to the happiness, wellbeing, health, inclusion and empowerment of the residents of Cumbria. Scheme assessments will include reference to the positive or negative impact a scheme may make to the social value of the area and this will be taken into account as part of the decision making process. The LEP's Social Value policy is set out in Appendix 19.

3.5 Conflict of Interest

Members of the LEP Board adhere to the terms of reference and the Code of Conduct as set out in Appendix 2, and 20. A Register of Interests is published on the Cumbria LEP website.

PART 4 ACCOUNTABLE DECISION MAKING

4.1 Status and Role of the Accountable Body

The LEP is an unincorporated body and therefore requires an accountable body for the funding programmes it manages.

The Central Assurance Framework will be used to manage all Government funding where a local authority is required to manage and administer the programmes of activity as the Accountable Body on behalf of the LEP.

Cumbria County Council has agreed to act as accountable body for the Cumbria LEP. The role of the accountable body is formalised in the MOU between the LEP and Cumbria County Council as set out in Appendix 1. The primary role of the accountable body will be to hold publicly funded allocations and make payments to delivery bodies. It will account for these funds in such a way that they are separately identifiable from the accountable body's own funds, and provide financial statements to the LEP as required. LEP funds can be used only in accordance with a LEP decision.

Cumbria County Council as the accountable body will:

- ensure the decisions and activities of the LEP comply with legal requirements including but not limited to those in respect of equalities,

human rights environmental requirements, EU requirements (e.g. public procurement) etc.;

- ensure (through its Section 151 Officer) that the funds are used appropriately and evidence is available to support this;
- make payments to delivery bodies based on regular claims to be submitted as required;
- ensure that the LEP assurance framework as approved by government is being adhered to;
- maintain the official record of the LEP proceedings and hold all LEP documents;
- be responsible for the decisions of the LEP in approving schemes (if for example subjected to legal challenge)

The timescales and operating practices between the LEP and the accountable body will be managed through the MOU.

Cumbria County Council reserves the right not to implement any request or decision of the LEP or any of its sub groups or panels if in the reasonable view of the relevant Corporate Director of Cumbria County Council the request or decision presents an unacceptable legal or financial risk to Cumbria County Council. In such instances section 16 of MOU, Issues and Disputes procedure as outlined in the Memorandum of Understanding, will be followed.

If Cumbria County Council does not continue as the Accountable Body for any reason, Cumbria LEP will seek to make alternative Accountable Body arrangements in line with relevant Government guidance.

4.2 Procurement and State Aid

The authorisation to procure goods and services relating to the activity with the LEP will remain with the LEP Board, or a delegated sub group as per the terms of reference of the groups, or with the LEP Director in accordance with the Financial Scheme of Delegation (Appendix 12). The LEP will be responsible for the development of the specifications, with advice from Cumbria County Council's procurement service where required, on which this authorisation will be made.

The LEP will comply with Cumbria County Council's Contracts Procedure Rules as identified within Part 5H of the County Council's constitution ([Cumbria County Council Constitution : Cumbria County Council](#)). The rules cover the procedures for buying goods, works and services and govern how money is spent externally on the supplies, services and works needed to deliver services.

The procurement of goods and services relating to activity included within individual grant awards will be the responsibility of the project applicant. The procurement methodology used will be assessed as part of the individual scheme's commercial case described in section 5.

Goods and services will be purchased in accordance with the relevant LEP and Cumbria County Council (as accountable body) scheme of delegation.

Expenditure decisions over £500 will be published on the LEP website.

Grant awards shall be made in accordance with the State Aid legislation. Schemes will be expected to identify how they are not in breach of State Aid Regulations, supported by legal opinion where relevant. The LEP will use their best endeavours to ensure that funds are not distributed in breach of State Aid legislation.

4.3 Monitoring

Monitoring of delivery of schemes will be undertaken by Cumbria County Council. Monitoring and Performance Reports on funding programmes will be provided to the LEP Board and its sub groups, government bodies and relevant Corporate Directors.

On approval of a scheme Cumbria County Council will enter into agreements with individual project sponsors. Each agreement sets out in detail the terms and conditions of the offer and will specify the inputs, outcomes and project specific outputs the scheme is committed to delivering.

These metrics will form part of the agreement and will be monitored at an appropriate frequency, agreed as part of the contracting process.

A progress monitoring report will be used to monitor the progress of a project. These will be submitted to Cumbria County Council for processing and payment. Payments will be authorised in accordance with the Cumbria County Council scheme of delegation and paid by Cumbria County Council on behalf of the LEP.

Programme performance reports will be developed for each programme, providing an overview of the performance of the programme in terms of spend and output achievement. These reports will be presented to the Investment Panel and the CLTB and will help to inform the strategic decisions made by these bodies. Board reports will be created and presented to the LEP Board detailing the key issues and decisions taken by the delegated panels. The reports will also include details of the overall programme performance, ensuring the LEP Board is fully informed and engaged with the activities of the delegated panels.

4.4 Risk Management

Risk will be assessed through the scheme assessment process and managed through programme specific risk registers. Key risks associated with an approved project will be included as part of the risk register for the programme and monitored by the Investment Panel. The risk registers will be live documents and risks may be added or removed as the programmes are delivered. Where individual projects see their risk rating move from low to medium or high, the frequency of the monitoring will increase.

The County Council reports on accountable body programmes in its financial budget monitoring reports. The risk of the Council acting as the accountable body for numerous programmes is recognised as a corporate risk within the Council. Risks within the individual programmes are monitored by the programme team and are reported by exception only.

4.5 Management and Administration of Grant Programmes

The management and administration of funding programmes will be undertaken in accordance with the Central Assurance Framework and the aims and objectives of the funding programme.

Applications will be developed and prioritised in line with section 5 and will be assessed in line with the individual scheme guidance and the strategic appraisal framework in section 5a and b.

The management and administration of transport projects led by the Highway Authority will be undertaken by the County Council. The Council will be responsible for letting contracts for works in line with its contract procedure rules.

Investment Decisions will be made in accordance with the terms of reference of the LEP Investment Panel as set out in Appendix 3. All records of investment decisions will be recorded in the minutes of the meeting. No funding will be allocated to the scheme promoter, by the accountable body, until an appropriate Business Case has been approved by the Investment Panel or LEP Board.

Funding agreements will be developed and issued in line with the requirements of the individual programme. Where Cumbria County Council is the accountable body, contracts will be developed by the Council's Legal Services. The funding agreement will include:

- The overall agreed level of funding for the scheme;
- The agreed funding profile of the scheme across financial years;
- General approval conditions

- Any scheme-specific approval conditions (for example in relation to third party contributions).

Before any funding is released, the scheme promoter will need to “accept” the funding (and the conditions for its use) and that the money will be spent on the agreed purpose.

Any preconditions imposed as part of the investment decision must be satisfactorily resolved before funding is released to the applicant organisation.

The agreed funding contribution from any given programme will be capped; and any cost increases will have to be borne by the scheme promoter.

4.6 Monitoring of Expenditure, Release of Funding and Cost Control

The funds transferred to the accountable body for the programme will be held in a separate cost centre in accordance with the County Council’s Treasury Management Strategy (which is reviewed yearly). Each project will have its own identifiable nominal code to ensure that monies can be reconciled each month against the appropriate programme.

Funds will be transferred to the applicant organisation in accordance with the terms and conditions of the project contract.

Authorisation of payments of claims will be in accordance with the Accountable Body’s Scheme of Delegation. The County Council scheme of delegation is:

- Over £250,000 – Two signatories - Corporate Director/Assistant Director
- Up to £250,000 – Two signatories Senior Manager /Assistant Director
- Up to £25,000 – Budget Holder/Senior Manager

Quarterly management accounts will be produced to provide timely and key financial and statistical information in order to effectively manage the delivery of the Programme. The management accounts will identify and forecast the expenditure and amount payable for each project and the total for the Programme.

PART 5 ENSURING VALUE FOR MONEY –PRIORITISATION, APPRAISAL AND BUSINESS CASE DEVELOPMENT

5.1 Option Appraisal and Prioritisation

Projects will be prioritised and appraised in accordance with the strategic appraisal framework which identifies the criteria and rationale against which projects and programmes will be identified/commissioned, appraised and prioritised.

A three stage process will be adopted for project proposals:

- 1) Strategic Outline Case - this will set out at a very high level the nature of the proposal, the fit with the LEP priorities, identification of key stakeholders (including the project promoter), timetable, estimated costs, investment needed and outputs, and major risks.
- 2) Outline Business Case- this will expand upon the proposal but also include financial and economic appraisals of the proposals and an options analysis to determine the optimal solution.
- 3) Full Business Case- builds upon the outline case, including further detail, identifying all costs and benefits, detailing the plan for delivery, a full risk analysis and proposals for monitoring and evaluation.

The full business case for each scheme will therefore contain all the relevant information regarding the scheme, and demonstrate whether the scheme meets the following five key cases:

1. **The strategic case**

The strategic case determines whether the scheme has a robust case for change, and whether it fits with wider public policy objectives. It specifies the identified problems, how the scheme addresses these problems, and how the scheme contributes to key policy objectives.

2. **The economic case**

The economic case determines whether the scheme demonstrates value for money. It presents evidence on the impact of the scheme on the economy, as well as its environmental, social and distributional impacts.

3. **The commercial case**

The commercial case determines whether the scheme is commercially viable. It presents evidence on risk allocation and transfer, contract timescales, implementation timescales and details of the capability and skills of the team delivering the project.

4. **The financial case**

The financial case determines whether the scheme is affordable. It presents evidence on funding arrangements, technical accounting issues and the financial profile of the option.

5. **The management case**

The management case determines whether the scheme is achievable. It provides evidence of project planning, governance structure, risk management, communications and stakeholder management, benefits realisation and assurance.

The methodologies for scheme prioritisation consider evidence for all five cases defined above. The business case for each scheme will be assessed using this information as a basis.

5.2 Prioritisation

At each stage schemes will be prioritised around the following three areas:

1. *Policy:*
 - Strategic Fit- A project must demonstrate that it is aligned with one or more of the strategic objectives of the LEP as set out in the Strategic Economic Plan
 - Rationale for Investment- A project must clearly demonstrate that there is a rationale for public sector investment and therefore clear market failure.
2. *Project:*
 - Deliverability- The deliverability of a project will be assessed. The risks associated with the deliverability of a project (including affordability) will be considered.
 - Value for Money- the VFM of a project and the outputs a project will provide will be considered as part of the prioritisation. For skills projects, the SFA guidelines will be used to assess the VFM of a project. For transport schemes the WebTag requirements will be used.
3. *Impact:*
 - Key measures that will contribute towards LEP targets- such as jobs created or GVA growth.
 - Relationships to other projects- projects will be prioritised that enhance or enable other prioritised projects.

Proposals will be considered in line with the LEP Financial scheme of delegation as set out in Appendix 12.

5.3 Value for Money and Business Case Development for Prioritised/Funded Proposals

Following prioritisation, the business case for individual schemes will be developed by scheme promoters addressing in a proportionate manner the five case model from the HM Treasury Green Book. The accountable body will provide support services to appraisal and undertake due diligence on business cases prepared by scheme promoters. Where Cumbria County Council is the scheme promoter no officer will be involved in assessing and scrutinising a business case if they have provided any support work to the promoter on that scheme.

The successful delivery of a scheme will require a robust business case which demonstrates good value for money. A key part of the business case for each proposed scheme is the demonstration of value for money. The value for money of a scheme is assessed by comparing all the significant benefits and costs of the scheme. This includes all factors, not just economic worth, and includes both monetised and non-monetised impacts.

The schemes that are delivered will be monitored and evaluated. The evaluation of schemes will provide evidence that the scheme is delivering value for money and ensures transparent and accountable decision making.

Assessment and appraisal of projects will follow the five case principles for the business case justification. The assessment of business cases may be assisted by consultants procured in line with the accountable body's procurement processes.

The appraisal of proposed scheme options forms a key part of the Outline Business Case. The appraisal will assess all the economic, environmental, social, public accounts and distributional impacts of the scheme.

The appraisal of scheme impacts will be conducted in a proportionate manner. This will be undertaken by documenting and agreeing the scope and detail of the appraisal to ensure value for money is provided. The appraisal of transport schemes will be undertaken in line with the DfT's WebTAG guidance.

As a scheme is taken forward the evidence will be reviewed at each approval stage of the business cases. Recommendations will be taken to the LEP Board, Investment Panel or ESIF committee for consideration.

5.7 Detail of the Five Case Model

Further information on the relevant elements for inclusion in each of the five cases are provided below, though the context must reflect the appropriate project stage and be proportionate to the overall size and risk of the project.

5.8 Strategic case

This section sets out the linkages between the proposed project and the broader LEP strategy as set out in the Strategic Economic Plan.

It should contain:

- A description of the proposals
- The location of the project

- Likely timeframe for delivery (becoming a detailed timetable by Full Business Case)
- Rationale – the context, and origination of the project, and the key drivers for Cumbria LEP to consider investment in the project
- Strategic fit – how does it align with the LEP priorities as agreed and set out in the strategic Economic Plan?

When considering strategic fit, the project should be assessed against the LEP's four strategic priorities as set out in the Strategic Economic Plan. To what extent (and how) does the project contribute to:

- Advanced manufacturing growth
- Nuclear and energy excellence
- Vibrant rural and visitor economy
- Strategic connectivity of the M6 Corridor

Cumbria LEP has also focused its support around four 'economic drivers'. The strategic fit against these four drivers should also be considered:

- Business support
- Skills development
- Infrastructure improvements
- Environmental sustainability

Also within the strategic case, the spatial impact should be identified, together with any interaction with other projects (planned or in progress). For instance, a project may not, on its own, generate a significant contribution to the four priorities; however it may be an important enabler to support the achievement of outputs from other projects which have a more direct contribution.

5.9 Economic Case

In essence, the economic case sets out the value for money associated with the project, and is therefore fundamental to the LEP's decision making.

At the Strategic Case level, this may include a broad estimate of the likely outputs of the project, the proposed investment by the LEP.

The outputs to be considered are those which Cumbria LEP has set as its targets. GVA added and net jobs created/safeguarded should be estimated for all projects. For transport schemes the economic case considers the results of WebTAG assessment.

For the Outline Business Case onwards, appropriate options need to be considered, and the related outputs, costs, and costs-per-output of each option clearly identified.

Within the options analysis a 'reference case' (generally the 'do nothing' option) should be included.

Other potential benefits (e.g. local community benefits) should also be listed, together with the fit with other projects supported by Cumbria LEP (or its key stakeholders) – highlighting where there is scope for delivering additional benefits by multiple projects proceeding together (e.g. a programme to support businesses in an area benefiting from infrastructure investment).

Importantly, a recommended option will be highlighted together with the rationale for selecting this particular option.

5.10 Commercial Case

A successful intervention needs to be commercially viable. This section should describe the commercial dependencies for delivery and for the project benefits that will be achieved.

The commercial case should identify the partners involved in the project (public and private sector), and their roles in delivery. As the project evolves to the Full Business Case this will include a detailed analysis of the status of known partners, a clear plan for partner selection/procurement (where appropriate), and clear documentation of the particular risks to be transferred to each party.

Consideration is required of assets needed to deliver the project goals, including land and cash. At the Strategic Case level, this will be an overview only, but by Full Business Case, it would be expected to include necessary due diligence to cover values, return available to the project partners, ownership, etc. Similarly, a business plan or financial model will have been prepared to show the viability of a project. Any other commercial dependencies and risks should be identified early in the project development cycle, and investigated/quantified as the project progresses towards Full Business Case.

The commercial sustainability of the project should also be considered. Initially at a high level, but by Full Business Case this should include a full plan for the management and maintenance of assets, and an analysis of (and plan for) any ongoing funding requirements. Consideration of financial and management resources needed are important.

Investment recoverability can be considered to assess if the proposed investment should be returned (at least in part) to the LEP at the Strategic Case level. This is likely to be only a high-level discussion, but by Full Business Case it should include a

detailed proposal backed up by appropriate evidence (e.g. asset valuations for security).

5.11 Financial Case

The financial case determines whether the project can be delivered within its available resources.

It should list the project costs and the sources of funds, both public and private (including any LEP contributions). By Full Business Case, this will include detailed costings (supported by independent external evidence where possible and appropriate) and an analysis of key risks/uncertainties surrounding the costs and other sources of funding needed.

To allow for full transparent decision making, an annual cash flow analysis of the project should be included (for the preferred delivery option in the Outline Business Case), which also analyses proposed Cumbria LEP contributions by funding programme.

Recognising that the LEP will operate through its accountable body, the Outline Business Case (and Full Business Case) should summarise the accounting implications for the income and expenditure account and the balance sheet of the accountable body.

If appropriate, the Full Business Case should also include a discussion of any major taxation issues and their possible impact on the finances of the LEP and accountable body.

Very importantly, a clear analysis of the key financial risks should be included. Identification of risk areas (e.g. possibility of cost overruns) and mitigation measures, together with consideration of contingency measures will be needed for the Full Business Case, together with a clear understanding of who will carry the risk of cost overruns (and their ability to meet any such additional costs).

5.12 Management Case

The management case covers deliverability and the requirements of Cumbria LEP and its project partners.

For the Full Business Case, it will be expected that contractual partners will be identified, any legal issues (e.g. vires, CPO, licencing, state aid, planning, procurement or other compliance issues) will be identified.

Clear project management details are needed – effectively a delivery plan by Full Business Case – and clarity on what future actions are needed, by whom, and by when.

This will also include identification of the management and support resources which will be needed to deliver (and if appropriate, have an ongoing role with) the project.

A risk register should be included identifying the major risks, their likelihood, potential impact, and possible mitigating measures. This should include potential reputational risks to the LEP and its key stakeholders – highlighting any issues which could lead to reputational damage or local controversy. If appropriate a communications plan should form part of the Full Business Case.

A clear timetable (a detailed project plan for the Full Business Case) should be included, highlighting key milestones and deadlines. This will include next steps in progressing the project towards commencement (including further approvals if needed). For the Strategic Case and Outline Business Case, this will include a clear list of dependencies and the actions/responsible individuals needed to resolve these dependencies.

The promoting organisation will act as scheme promoter and will produce the business case and supporting information for each scheme.

5.13 Further Information

More detailed information and reference documents on the development and appraisal of projects can be found on the BEIS and LEP websites.