



THE BUSINESS BOARD

Draft Assurance Framework

April 2018



CONTENTS

1. Introduction
2. Governance
3. Decision Making Arrangements
4. Ensuring Value For Money

Document verification:

Produced by:	Reviewed by:	Approved by:

Version number:	
File location:	

1. INTRODUCTION

1.1 The role of this document

1.1.1 This document has been created to clearly set out how ‘The Business Board’ (TBB) will use public money responsibly and transparently.

1.1.2 This document covers:

- The respective roles of TBB and its Accountable Body (The Cambridgeshire & Peterborough Combined Authority), and how decisions are made;
- How TBB ensures accountability, probity, transparency and value for money that is handled by TBB;
- How potential investments funded by TBB will be appraised, evaluated, prioritised, approved, and delivered;
- How the progress and impacts of these investments will be monitored and evaluated.

1.1.3 This document has been developed using three key principles:

- To draw together all approved assurance processes that already existed for TBB (and formerly the Greater Cambridge Greater Peterborough LEP funded programmes) into one place;
- To comply with relevant guidance and best practice advice issued by Government;
- To ensure the right processes are in place to ensure decisions over funding provide value for money and are made in an open and transparent manner.

1.1.4 This Assurance Framework sits alongside a number of other key documents, many of which are cross referenced or included as appendices to this document. This Assurance Framework has been developed in response to the Government’s National Assurance Framework guidance on governance and transparency¹, and the recommendations from the Mary Ney Review².

1

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/567528/161109_LEP_Assurance_Framework.pdf

2

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/655188/Review_of_local_enterprise_partnership_governance_and_transparency.pdf

1.2 Keeping the Assurance Framework up to date

- 1.2.1 TBB reviews its Assurance Framework annually to ensure it is up to date and relevant for the work it is undertaking.
- 1.2.2 The Assurance Framework is owned by TBB and the Cambridgeshire & Peterborough Combined Authority (CA) and is reviewed by the CA Board. Compliance with the Assurance Framework is managed by the Compliance Manager.

1.3 Document Structure

- 1.3.1 This document is structured around three key sections:

- Governance
- Decision Making Arrangements
- Ensuring Value for Money

1.4 About The Business Board

- 1.4.1 TBB is committed to transparent and accountable decision-making processes. By bringing together TBB and the Cambridgeshire & Peterborough Combined Authority (CA) we combine the best of private sector expertise and public sector knowledge, transparency and accountability.
- 1.4.2 TBB was established on 1st April 2018, taking over from the former Greater Cambridge Greater Peterborough LEP3, to drive forward economic growth across its local area. TBB is now responsible for all former LEP projects and programmes.
- 1.4.3 TBB comprises 15 local authorities, as below:
 - Cambridgeshire County Council
 - Peterborough City Council
 - Cambridge City Council
 - East Cambridgeshire District Council
 - South Cambridgeshire District Council
 - Fenland District Council
 - Huntingdonshire District Council
 - Uttlesford District Council
 - North Hertfordshire District Council
 - Rutland County Council
 - South Kesteven District Council
 - South Holland District Council
 - The Borough of King's Lynn and West Norfolk
 - St Edmundsbury Borough Council

³ <http://www.gcgpc.co.uk/2018/03/lep-update/>

- Forest Heath District Council

1.4.4 TBB's area is set out below. The red line denotes the area covered by the CA:



1.4.4 In 2014, the Government announced the first wave of Growth Deals, making investment via its Local Growth Fund⁴. To date, TBB (via the former LEP) has been awarded £146m via three rounds of Growth Deal funding allocations.

1.4.5 In April 2016, the Government reviewed Growth Deal Assurance Frameworks in the context of new Devolution Deals and issued Single Pot Assurance Framework Guidance for devolved areas⁵. In July 2016, Cambridgeshire and Peterborough secured a Devolution Deal and began work to set up a new Combined Authority. Therefore, this new Guidance came into effect for TBB area from that date. In November 2016, the Government issued revised national guidance for LEP Assurance Frameworks⁶. The Combined Authority was formally established on 2 March 2017.

1.4.6 The CA acts as TBB's Accountable Body to undertake the public funding accountability responsibilities for administering funds and must also review and approve this Framework.

1.4.7 TBB provides leadership in the arena of economic growth across its area. Comprising business leaders from key industry sectors, it provides expert knowledge and insight

⁴ <http://www.gcpp.co.uk/local-growth-strategy/>

⁵ <https://www.gov.uk/government/publications/single-pot-assurance-framework-national-guidance>

⁶ <https://www.gov.uk/government/publications/local-enterprise-partnership-national-assurance-framework>

into economic growth-related activities in its area and is leading the development of the Industrial Strategy.

- 1.4.8 TBB will comprise a blend of industry leading experts from the private sector, alongside representatives from the public sector and education communities. It will be chaired by a private sector representative and bring together some of the brightest entrepreneurial minds in our area.
- 1.4.9 The Chair and Vice Chair of TBB will be private sector representatives. The Chair will lead on building the reputation and influence of the area at a national and international level and will chair TBB meetings. TBB Chair will also be a voting member of the CA Board. The Vice Chair will be available to deputise for TBB Chair as required.
- 1.4.10 TBB will have a designated small business (SME) representative, who will lead the engagement with small businesses across the area and represent their views at Board level. Given the make up of the local business community, this is a vital role on the Board.
- 1.4.11 All of TBB Board Members operate in an open and transparent manner and conduct themselves in accordance with 'The Seven Principles of Public Life'⁷, otherwise known as the Nolan Principles, and TBB's Code of Conduct.
- 1.4.12 Private Sector Board Members are recruited via an open, transparent, competitive and non-discriminatory process. With open advertisements and interviews to judge experience, suitability and fitness for the role.
- 1.4.13 TBB is committed to diversity and has a Diversity Statement in place to help guide Board Appointment decisions. TBB reflects the local business community, including geographies and protected characteristics.
- 1.4.14 TBB's Executive Team is provided via the CA Officer Structure, who operate as a single team for the CA and TBB. This includes an experienced Chief Executive, S151 Officer, Legal Counsel & Monitoring Officer, Directors, Programmes Managers, Finance and Compliance Officers and others to ensure that the organisation is run in a proactive, impact driven and fully compliant manner.

⁷ <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

2. Governance

2.1 This section describes the governance systems and mechanisms for funding managed by The Business Board and how the Accountable Body and TBB work together in decision making.

How the Combined Authority and The Business Board work together



2.2 TBB's terms of reference describe the nature of the Company, its Board and core operating principles. Whilst the CA's Scheme of Delegation which details a named person, Board or Sub-Committee details financial decision-making.

2.3 TBB oversees the delivery of a business-led programme of interventions that will help to support the sustainable economic growth and continued prosperity of the TBB area. This is in line with the CA's overarching vision and Strategic Economic Plan. In particular TBB will:

- ensure value for money is achieved;
- prioritise investments within the available budget;
- make decisions on individual investments with sign off by the CA Board;
- monitor progress of project delivery and spend; and
- actively manage the devolved budget and programme to respond to changed circumstances.

2.4 The Accountable Body will hold the funding and make payments to the delivery bodies on behalf of TBB. The Accountable Body will account for these funds in such a way that they are separately identifiable from the Authority's own funds, and provide financial statements to TBB as required. Any interest accrued on TBB's funds can and will only be used in accordance with a TBB decision.

2.5 The Accountable Body will undertake the following responsibilities:

- ensuring that recommendations for CA Board sign off and activities of the TBB conform to legal requirements with regard to equalities, social value, environmental, State Aid, procurement etc.
- ensuring (through Section 151 Officer) that the funds are used appropriately;
- ensuring that TBB keeps an official record of its proceedings ;
- holding relevant financial documents ;
- responsibility for the decisions of TBB in approving projects in compliance with this Assurance Framework (e.g. if subjected to legal challenge);
- review grant offer letters/contracts ;
- review claim forms; and
- ensuring that the Assurance Framework is adhered to.

2.6 Grant offer letters / contracts with delivery partners will set out the specific requirements regarding conformity and adherence to the Assurance Framework in undertaking any work or delivering projects funded by TBB.

2.7 The role of Accountable Body and (where relevant) project promoter will need to be strictly independent of each other to provide assurance of no conflict of interest.

3. Decision Making Arrangements

3.1 Transparency

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

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

3.2 Meetings

3.2.1 Specific statutory requirements apply to the CA in relation to transparency. Additionally, it also complies with a number of good practice recommendations. The key arrangements in place are:

- At least two meetings of TBB Board Meetings will be open to the public and media to attend, except to the extent that the public and media are excluded in relation to confidential or exempt information
- Agendas and reports of meetings of TBB are available to the public on its website, in accordance with its Procedure Rules, five clear working days before a meeting
- TBB minutes are published within ten clear working days of the Board meeting taking place
- Minutes of meetings are published on TBB/ CA website
- Business case summaries of all projects/programmes coming forward for a decision are published on its website
- Key decisions taken by officers are published on TBB/ CA website
- TBB and the CA adheres to the Local Government Transparency Code which requires the publication of additional data, such as Strategic Economic Plans and information relating to progress on delivery of all key programmes.

3.3 Requests for information

3.3.1 TBB, as part of the CA, is subject to the Freedom of Information Act 2005 and the Environment Impact Regulations 2004, and will respond to statutory information requests in accordance with approved procedures. The CA also deals with any requests for information from TBB, on its behalf, in accordance with the same procedures. The CA's Freedom of Information Policy is published on the website.

3.4 Providing information

- 3.4.1 An overview of all scheme business cases and evaluation reports are published on the CA website. A nominated point of contact is made available to receive public and stakeholder comments.
- 3.4.2 Summaries of business cases to be considered by TBB as part of the Assurance Process are published electronically ahead of meetings to allow for external views to be sought. There are exceptions to this rule in respect of commercial confidentiality.

3.5 Use of resources and accounts

- 3.5.1 The use of resources by TBB is subject to the usual local authority checks and balances, including the financial duties and rules which require councils to act prudently in spending. These are overseen by the CA's S151 Chief Finance Officer, who is its Finance Director. This post has statutory responsibility to administer the Combined Authority's financial affairs, and is responsible for ensuring that funding is used legally and appropriately.
- 3.5.2 TBB has clear accounting processes in place to ensure that all funding sources are accounted for separately and that funds can only be used in accordance with the TBB/ CA decisions. All of TBB and CA report templates allow for the Section 151 officer to provide comments under a 'financial implications' section.
- 3.5.3 TBB has a statutory duty to keep adequate accounting records and prepare a statement of accounts in respect of each financial year. This statement of accounts will be published as fully audited, although this will change in accordance with legislative requirements) and will cover expenditure from the Local Growth Fund and other funding sources received from Government.

3.6 Audit

- 3.6.1 As a local authority, the CA complies with statutory requirements relating to audit arrangements, principal elements of which are:
- Appointing an audit committee
 - Inspection by external auditors
 - Adopting internal audit arrangements
- 3.6.2 These audit arrangements apply to TBB funding in respect of which the CA is the accountable body.
- 3.6.3 The CA's Governance and Audit Committee fulfils the requirement to appoint an Audit Committee and must by law include at least one independent person. The role and responsibilities of this Committee include:
- Reviewing and scrutinising TBB's financial affairs
 - Reviewing and assessing TBB's risk management, internal control and corporate

governance arrangements

- Reviewing and assessing the economy, efficiency and effectiveness with which resources have been used by the TBB
- Approving the review of internal controls and the annual governance statement
- Considering and approving the statement of accounts
- Considering external audit arrangements and reports
- Advising TBB in relation to the Assurance Framework

3.6.4 An annual independent audit is conducted by externally appointed auditors ensuring TBB (via the CA) operates a robust financial management and reporting framework, including reviewing whether TBB and the CA meets its statutory obligations in relation to grant funding.

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

3.7 Scrutiny

3.7.1 The CA is required by law to appoint an Overview and Scrutiny Committee. This committee is authorised to:

- Review or scrutinise decisions made, or other action taken, in connection with functions of the CA and TBB
- Make reports or recommendations to the CA and TBB with respect to their functions
- Receive and monitor responses to any reports or recommendations made

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

3.7.3 The independent element of this scrutiny is safeguarded by a requirement that membership of this Committee cannot include any member of the CA or TBB. It comprises elected Members from its constituent and non-constituent councils.

3.8 Code of Conduct

3.8.1 In relation to TBB, all TBB members are subject to a TBB Board Members' Code of Conduct which reflects the Nolan Principles of public life:

1. Selflessness
2. Integrity
3. Objectivity
4. Accountability
5. Openness
6. Honesty
7. Leadership

- 3.8.2 TBB Board Code of Conduct also requires TBB members to declare and register:
- Acceptance or receipt of an offer of a gift or hospitality
 - Specific pecuniary and non-pecuniary interests
- 3.8.3 A register of the interests disclosed by each TBB member is published on the TBB area of the CA website. The Code sets out comprehensive requirements in relation to declaring interests at meetings, and the circumstances in which a conflict of interest will preclude a TBB member from participating in decision-making.
- 3.8.4 Each TBB Member shall review their individual register of interests prior to each board meeting submitting any necessary revisions to TBB and S151 officer at the beginning of the meeting. Any recorded interests relevant to the meeting should also be declared at this point. These declarations are minuted.
- 3.8.5 TBB Code of Conduct also details arrangements under which allegations that the Code of Conduct has been breached, can be investigated and for making decisions on such allegations. The Code of Conduct is published on the website.
- 3.8.6 In relation to the CA, there are statutory provisions that require the CA to adopt a Code of Conduct for its Members and voting constituent and non-constituent Members, including those on panels appointed by the CA. The Code sets out the conduct expected of members, including procedures for declaring and registering:
- Acceptance or receipt of a gift or hospitality
 - Disclosable pecuniary interests, which are defined by the code
- 3.8.7 Failing to comply with requirements for registering and disclosing pecuniary interest may be a criminal offence.
- 3.8.8 The CA has also approved arrangements under which allegations that the Code has been breached can be investigated and for making decisions on such allegations.
- 3.8.9 The CA has also adopted a Code of Conduct for Officers, which also reflects the Nolan Principles of public life and requires officers to register personal and prejudicial interests. Officers also need to comply with a Gifts and Hospitality policy. Failure to comply with the Code may lead to disciplinary action.

3.9 Complaints and whistleblowing

- 3.9.1 TBB will consider any complaints received in accordance with its agreed complaints procedure, TBB has also adopted a confidential complaints procedure, which are both published on the website. Any complaints about TBB will be dealt with in accordance with the approved complaints process.
- 3.9.2 The CA and TBB have adopted a whistleblowing policy, which is published on the website, to investigate and resolve any case where it is alleged by stakeholders, members of the public or internal whistle-blowers that the CA and TBB are acting in

breach of the law, failing to adhere to the framework or failing to safeguard public funds.

4. Ensuring Value for Money

4.1. Options Appraisal and Prioritisation

- 4.1.1. The identification of new projects to receive investment from Growth Funds is overseen by TBB and any relevant sub-groups or thematic panels established by TBB, who will adhere to the Assurance Framework and its appendices. This work is supported by an Independent Technical Advisor who provides impartial advice upon which to base funding decisions. Appendix 1A describes the assessment process for projects to be funded from the Local Growth Fund or Growing Places Fund. Agri-Tech projects are considered by a Programme Delivery Board for investment under the Agri-Tech Initiative which is shown in Appendix 1B.
- 4.1.2. The range of interventions funded by TBB will be kept under review by the CA in line with its key priority areas. At the same time, work will continue on developing a robust pipeline of new projects to attract further private and public sector investment. This will continue to identify options that are deliverable, offer high value for money, maximise social value, and provide wider benefits to TBB area. Option concepts may be “bottom-up” (derived from a call for projects or direct approach by businesses / delivery bodies) or “top-down” (through a strategic commissioning route). Where the TBB uses a commissioning approach, opportunities for partners to present proposals will be openly advertised on TBB’s website and communicated via sub-groups and wider stakeholder community.
- 4.1.3. TBB has developed a clear basis against which such projects and programmes are identified, appraised and prioritised, although the level of assessment needs to be proportionate to the scale and type of project (for example the Agri-tech programme requires a Pre-Qualification Questionnaire and then a single stage of Business Case application). Detail of the process for each funding type is set out in the relevant appendices, and is summarised below and on the TBB website.

4.2. Initial Sifting – Expression of Interest

- 4.2.1. When a new opportunity for funding is announced, TBB, programme boards, panels, Local Authorities, and key delivery partners are asked to identify candidate projects for their geographic and priority areas for consideration, provided that they demonstrably meet the criteria outlined in the Table below. These should also be drawn from the Strategic Economic Plan and other long-term planning documents such as Local Plans and Local Transport Plans.
- 4.2.2. A proforma is provided to capture consistent information on each proposal and the completed proforma should be no longer than four pages. Members of the public and the business community will also be able to identify projects, and the proforma will be published and publicised on the TBB website. The proforma will capture the key elements of the proposed project such as but not limited to the following themes and criteria, including the funding sought. The proforma and all supporting

information is made available on TBB's website.

Table 4A) TBB Standard Project Criteria

THEME	CRITERIA
Purpose and Type	The primary proposal of the project should be to support local economic growth within TBB's wider area. Project types include, amongst others, transport, digital, water and flooding, housing and planning, regeneration and public realm, employment sites, business support, skills and employment, innovation.
Strategic Impact and Objectives	The objectives and impacts / constraints addressed of the project need to be aligned with each other and to the objectives of the Strategic Economic Plan (and wider long term planning documents such as a Local Plan) to show how it would have a positive impact across a defined geography. In addition, an outline of the impacts of no investment should be included (the 'do nothing' option).
Cost Threshold and Type	The total costs of the project, along with funding sought from the TBB. Requests for funding from TBB can be for capital, revenue or both, but noting that Growth Deal funding is capital only.
Financial Requirement and Funding Sources	Details of match funding to be provided should be included in the bid, subject to individual programme requirements. Funding should be sought where there are no other realistic options (that is where there is a funding gap), and the other sources of funding, their amount, and their likelihood stated. Details of other funding sources considered and disregarded should be provided.
Deliverability and Risk	The proposed project needs a reasonable degree of public support, and should be both affordable and deliverable within a clearly defined timescale. Key risks should be identified with proposed management and mitigations outlined to reduce/manage those risks.

4.2.3. All applications go through an initial sifting process, assessed against the criteria highlighted above. This initial sifting process will be undertaken by TBB officers with specialist support if required. Any projects that do not have a strong Strategic Fit and perform poorly against the criteria will not be taken further, with feedback being given to the project promoter. TBB reserves the right to decide not to include a project in the prioritisation process if key information is missing or if it is not based on a robust set of assumptions. However, the Strategic Case may be revisited if a significant period has lapsed or circumstances changed since the outline application / Expression of Interest made. A provisional allocation of funding at outline stage does not guarantee that a full Business Case application will be approved.

4.3. Strategic Prioritisation – Strategic Outline Business Case

- 4.3.1. Projects that pass through the initial sifting stage will be allocated to project pipeline lists relating to the priority area or areas they most strongly align (e.g. skills, innovation, employment, housing, transport). Project promoters are then invited to develop and submit a Strategic Outline Business Case using a template provided by TBB.
- 4.3.2. TBB requires the Strategic Outline Business Case to be developed with adherence to HM Treasury's The Green Book: Appraisal and Evaluation in Central Government. The guidance sets out how a business case in support of a new programme or new project must evidence that the project has a strong:
- Strategic case – the intervention is supported by a compelling case for change that provides a holistic fit with other parts of the organisation and public sector;
 - Economic case – the intervention represent best public value; Commercial case – the proposed deal is attractive to the market place, can be procured and is commercially viable;
 - Financial case – the proposed spend is affordable; and Management case – what is required from all parties is achievable.
- 4.3.3. For transport projects, Strategic Outline Business Cases will be assessed by the Independent Technical Advisor using a modified version of the Department for Transport's Early Assessment and Sifting Tool. The Independent Technical Advisor will compile the first stage of a Strategic Prioritisation Report containing recommendations to the TBB Transport Panel for comment and approving recommendations for TBB Board. Feedback will be provided to the project promoter. Non-transport projects will go through a similar assessment process alongside other projects within the same theme, ie skills, business growth, innovation.

4.4. Project Appraisal and Investment Decisions

4.4.1. Detailed Project Appraisal and Value for Money

- 4.4.1.1. Once projects have been prioritised, TBB will inform project promoters that projects have been granted programme entry and need to be developed to Outline and Full Business Case stage in order to access funding (subject to any specific exceptions given in the programme appendices). Business cases must be in line with HM Treasury's Green Book: Appraisal and Evaluation in Central Government and relevant Central Government Department Guidelines such as the Department for Transport's WebTAG proportionate to the scale of the project.
- 4.4.1.2. Business case development must follow a reasonable and robust approach, and provide a high degree of certainty that the project will deliver 'high' value for money. That is, a Benefit Cost Ratio of two-to-one (2:1) or greater.

4.4.2. Stage 0 – Agreement of Approach

- 4.4.2.1. Project promoters have the opportunity to seek early advice on whether their business case development and appraisal approach is proportionate and fit-for-purpose, particularly in relation to any modelling that might be required and to the assessment of social and distributional impacts.
- 4.4.2.2. Proportionality should reflect the nature, value, impact of the project, and time available. This can prevent abortive work from being conducted by project promoters, the Independent Technical Advisor, the Local Transport Panel, TBB Board, and the Accountable Body by not presenting under-developed project business cases for final assessment and quality assurance.

4.4.3. Stage 1 – Draft Outline Business Case

- 4.4.3.1. The first stage of project appraisal is the development of a Draft Outline Business Case by the project promoter for each of its prioritised and shortlisted projects. Project promoters are aiming to demonstrate 'high' value for money. Environmental and social and distributional impacts are a key element of the value for money equation. Project promoters will need to be mindful that there could be both potential synergies and conflicts between these. Project promoters should consider the spatial distribution of positive and negative impacts, whether the impacts are very large for a small number of users or dispersed over a larger number of users. Analysis should also attempt to identify who are the 'winners' and 'losers' and to what extent. The business case work must make any such synergies and conflicts explicit and should propose suitable mitigation where relevant.
- 4.4.3.2. Where TBB is developing a programme of projects which are seeking funding approval at the same time, Draft Outline Business Cases will be assessed together by the Independent Technical Advisor. This will help ensure consistency of approach and fair assessment. Feedback will be given to the project promoter and TBB through a Draft Outline Business Case Assessment Report. The report will not only make recommendations for project business case progression or amendment, but also contain assessment of the adherence and proportionate and robust application of government guidance (with a greater focus on the strategic case and economic case), the reasonableness of the approach, the level of uncertainty in assuring value for money and key risks, and key recommendations for improvement.
- 4.4.3.3. The Independent Technical Advisor may recommend a project is not prioritised for development of a Full Business Case and amended for the same or a later bidding round if time permits; or recommend approval for the development of a Full Business Case. The Steering Group will review the list of projects for amendment and the list of projects for Full Business Case development, then make its recommendations to the relevant programme board / panel, before they make their recommendation to TBB Board for approval.

4.4.4. Stage 2 – Revised Outline Business Case

- 4.4.4.1. The development of a revised Outline Business Case has a far greater emphasis on commercial, financial and management cases, ensuring arrangements are appropriate for effective delivery, including necessary statutory and procurement requirements (as appropriate). The revised Outline Business Cases seeking funding

approval by TBB and Accountable Body should be assessed together by the Independent Technical Advisor, with feedback provided to the project promoters and TBB through a Revised Outline Business Case Assessment Report. Similar to the Draft Outline Business Case Assessment Report, the report will contain assessment of the adherence to a proportionate and robust process (with an equal focus on all five cases), the reasonableness of the approach, the level of uncertainty in assuring value for money and key risks, and recommendations for funding approval or amendments to the business case.

- 4.4.4.2. The Revised Outline Business Cases, the report and its recommendations for funding, will be reviewed by a programme steering group, which may make recommendations to any relevant established Sub-Boards, before they in turn make recommendations for funding approval to TBB and the Accountable Body.

4.4.5. Stage 3 – Department for Transport Retained / Portfolio Projects

- 4.4.5.1. For projects that have funding retained by the Department for Transport, Stage 3 is the review for the business case submission to the Department for Transport. In these instances, the role of the Independent Technical Advisor to review the business case and provide professional advice to the Accountability Board of any key risks or issues arising from that assessment that need to be considered by the board to support the associated decision for funding.

4.4.6. Stages 4 and 5 – Full Business Case

- 4.4.6.1. For large projects over £5 million it is unlikely that project promoters will have already been through procurement and detailed design following the Outline Business Case. These projects; those considered high risk by the relevant programme board / panel; or for those where increases in costs might jeopardize 'high' value for money, are likely to be required to go through these stages to develop a Full Business Case, to further reconsideration and approval of the Value for Money assessment.

- 4.4.6.2. and timescales for development of the Full Business Case.

- 4.4.6.3. Stage 5 is the production and assessment of the Full Business Case. It is not anticipated that this process is iterative. Based on the Assurance Review, recommendations are made by the Independent Technical Advisor to the programme board / panel to on the Value for Money Assessment and the certainty of that assessment's accuracy. The relevant programme board / panel will then make a decision whether or not to recommend the project received funding (see Value for Money below).

4.4.7. External Scrutiny of Business Cases

- 4.4.7.1. Where relevant, the project sponsor must engage stakeholders as part of the business case development process and include the results of this engagement in the business case documents. Each Programme will set out the requirements for the publication of Business Cases and results of Business Case Assessments. Commercially sensitive information will be redacted.

- 4.4.7.2. Any public or stakeholder representation on the business cases must be considered by TBB Board and the Board must demonstrate how such representations have been considered.
- 4.4.7.3. The results of the relevant Independent Technical Advisor's assessment will be published as supporting papers for TBB and its programme boards / panels, as well as being made publically available and publicised on TBB's website, in sufficient time for members of the public, business community and other stakeholders to make representations to TBB or its programme boards / panels. This is mainly relevant to the consideration of funding for transport schemes, but may be applicable to other large capital TBB investments.
- 4.4.7.4. Commercially sensitive information may need to be redacted in line with the Freedom of Information Act 2002.
- 4.4.7.5. Public or stakeholder representation on the business cases must be considered by TBB, and the Board must demonstrate how such representations have been considered.

4.4.8. VfM / Benefit Cost Ratio

- 4.4.8.1. At each stage of business case sign off, the Section 151 Officer of the Accountable Body will require production of a Value for Money Statement which will summarise the economic case for the project and include an overall Benefit Cost Ratio. This will allow comparison of the monetised benefits with the costs; allow stakeholders to understand the potential costs, benefits and impacts; and allow the Section 151 Officer to sign-off the Value for Money Statement, or not, after TBB has approved funding. The Section 151 Officer should engage the relevant Independent Technical Advisors throughout to advise on whether delivery of the project is likely to result in 'high' value for money – a Benefit Cost Ratio of 2:1 or greater. A final draft Value for Money statement should be provided for review by the Section 151 Officer before a TBB recommendation and a CA Board decision is made.
- 4.4.8.2. Projects with a Benefit Cost Ratio of less than 2:1 will not normally be funded unless wider appraisal evidence provides a compelling case for investment. Such compelling circumstances could include where a project is required to unlock a barrier to growth or deliver wider economic benefits without detriment to the other cases of the business case; or where the time, effort and / or cost of monetisation of other economic, environmental and / or social and distribution impacts is too great for the value for the project and time available, but likely impacts would be to raise the Benefit Cost Ratio to or above two-to-one.
- 4.4.8.3. Where this occurs project promoters will be required to justify the investment through provision of an evidence base and a proportionate analysis of benefits not included in the central benefit-cost analysis, and to demonstrate how these help deliver the objectives of the Strategic Economic Plan

4.4.9. Project development costs

4.4.9.1. The project promoter is responsible for all up-front costs at each stage of the business case development. Reasonable costs for the Independent Technical Advisors' independent assessment and TBB prioritisation will also be required to be covered by project promoters. TBB will consider requests to forward fund project development costs in exceptional circumstances.

4.4.10. Sign-Off, Release of Funding and Conditions

4.4.10.1. If funding is approved, a formal agreement will be issued between the Accountable Body, TBB and the project promoting body setting out the conditions under which the devolved funding is to be spent and the respective responsibilities, and for ensuring the conditions are adhered to. The Accountable Body will not release funding until TBB and CA Board has approved funding and the Value for Money Statement has been signed-off by the Section 151 Officer of the Accountable Body. A final draft Value for Money statement should be provided for review by the Section 151 Officer before a Board decision is made.

4.4.10.2. If the Accountable Body's Section 151 Officer does not agree that a decision of the TBB and CA Board is in line with this Assurance Framework and therefore does not agree to sign-off the Value for Money Statement, the Accountable Body will propose a means of resolution with TBB, informing the relevant programme board / panel, project promoter, and Independent Technical Advisors as relevant.

4.5. Programme and Risk Management

4.5.1. As part of their funding agreement with TBB, project promoters are required to provide clear project milestones for delivery.

4.5.2. Any risks to the delivery of a project should be made clear from the outset and monitored regularly. A robust system of risk management will be put in place for individual projects overseen by TBB. This will enable spend profiles to be effectively monitored and managed by project promoters, the Accountable Body, TBB and any of its programme boards / panels.

4.5.3. The project promoting body is responsible for informing the Accountable Body and TBB of any significant changes to a project's scope, costs and implementation timetable. The Accountable Body and TBB (and its relevant programme board / panel) will consider any necessary remedial actions.

4.5.4. Each project promoter will submit regular monitoring reports to TBB and the Accountable Body, generally on a quarterly basis as a minimum, which will confirm the programme and budget pre-delivery for each project, along with costs and delivery progress against programme during delivery, and identify any changes and highlight any key issues. This information will be used to identify project specific risks and issues, and will enable the overall programme to be managed.

- 4.5.5. As defined in the relevant Programme, the Accountable Body will undertake regular audits of the financial process by requesting evidence from the project promoter that funds are being spent on the specified capital project. The Accountable Body will advise TBB of any concerns or irregularities.
- 4.5.6. TBB will not be liable to fund increases in costs in full or part. These must be met by the project promoter. Delays to a project start as specified in a funding agreement may result in the withdrawal of a funding allocation to enable TBB and Accountable Body to bring forward another project that is deliverable within the timescales
- 4.5.7. Full project-level risk analysis and mitigation/contingency plans are required for each scheme as part of the application process and in developing the business case.
- 4.5.8. The CEO has overall responsibility for the identification and management of project, programme and portfolio risk, but the day-to-day coordination of corporate risk management activities is undertaken by S151 officer, responsibility for management of risk sits with relevant risk owners.