



# West Yorkshire Combined Authority

## Assurance Framework

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# 1 Introduction

## 1.1 About the Assurance Framework

This is the joint Assurance Framework for the West Yorkshire Combined Authority (Combined Authority) and the Leeds City Region Enterprise Partnership (the LEP). The Assurance Framework sets out the arrangements that the Combined Authority and the LEP have in place to ensure that public money is managed effectively. It explains how the Combined Authority and the LEP identify, appraise, and evaluate schemes to achieve value for money.

The Assurance Framework covers expenditure on programmes and schemes funded by Government or local sources in the Leeds City Region. This includes funding received by the Combined Authority in respect of the Single Investment Fund (SIF) and as the accountable body for the LEP. Further details on the SIF can be found in section 2.1.

## 1.2 Purpose of the Assurance Framework

The purpose of this Assurance Framework is to ensure that the necessary systems and processes are in place to manage funding effectively, and to ensure the successful delivery of our Strategic Economic Framework (SEF) ambitions<sup>1</sup>. Its focus is to ensure that necessary practices and standards are implemented to provide the Government, Combined Authority, the LEP and local partners with assurance that decisions over funding (and the means by which these decisions are implemented) are proper, transparent and deliver value for money.

This framework also sets out the respective roles and responsibilities of the Combined Authority and the LEP, including how the formal accountability relationship between the Combined Authority and the LEP works.

## 1.3 Updating the Assurance Framework

The Assurance Framework is reviewed and updated on an annual basis and signed off by the Combined Authority, the LEP and the statutory Section 73<sup>2</sup> Chief Finance Officer in line with the requirements of the National Local Growth Assurance Framework (2021). The Assurance Framework also takes into consideration the guidance set out in the Strengthened Local Enterprise Partnerships report (2018) and has been prepared in accordance with guidance issued by the Chartered institute of Public Finance and Accountancy.

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<sup>1</sup> The priorities of the SEF are 1. Boosting productivity, 2. Enabling inclusive growth, 3. Tackling the climate emergency, 4. Delivering 21<sup>st</sup> century transport, 5. Securing money and powers. The SEF will be implemented in April 2021.

<sup>2</sup> Appointed under Section 73 Local Government Act 1985

## 1.4 The Seven Principles of public Life

The Seven Principles of Public Life (the Nolan principles)<sup>3</sup> underpin this Assurance Framework to ensure that the Combined Authority and the LEP, their members and officers, are upholding the highest standards of conduct and ensuring robust stewardship of the resources they have at their disposal.

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<sup>3</sup> These are selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

## 2 About West Yorkshire

### 2.1 West Yorkshire Combined Authority

The West Yorkshire Combined Authority was established in 2014 to bring together local councils and businesses to champion the region's interests nationally and internationally, securing investment from Government and other sources to drive the economy forward, by carrying out economic regeneration and development functions as well as acting as the local transport authority for West Yorkshire.

In March 2020, the West Yorkshire councils and the Combined Authority agreed a “minded to” devolution deal with Government. The deal detailed £1.8bn of Government investment (including £1.14bn over 30 years), to be subject to local influence and decision-making, enabling spend on local priorities, together with a range of new devolved functions. The devolution deal was subject to the Combined Authority adopting the model of a directly elected mayor (the Mayor) over the Combined Area (West Yorkshire), that is becoming a Mayoral Combined Authority.

The Combined Authority has now been established by Order as a Mayoral Combined Authority, with the first election for a Mayor taking place in May 2021. The Mayor is directly elected by the local Government electors in West Yorkshire.

**Appendix 1** to this Assurance Framework sets out which Functions are the responsibility of the Mayor.

A key element agreed in the devolution deal was a “**Single Pot**” approach to funding which consolidates funding lines and reduces ring-fences. This gives the Combined Authority greater control, flexibility and responsibility over funding streams and their outcomes. The new funding will form a **Single Investment Fund (the SIF)**.

The new devolved functions exercised by the Combined Authority as a Mayoral Combined Authority include:

- **Transport-related powers** including in relation to highways, traffic management and permit scheme functions.
- **Adult education and skills functions** thus enabling decision-makers to closer align spending on skills with the opportunities and needs in the local economy in order to engage adults and provide them with the skills needed for entering and sustaining employment, an apprenticeship, traineeship, or other further learning.
- **Housing functions** relating to compulsory purchase, plus provision of housing and land, land acquisition and disposal, and development and regeneration of land.
- **Economic development** – duty to prepare an assessment of economic conditions.

- **Policing and Crime functions**<sup>4, 5</sup>.

## 2.2 Leeds City Region Enterprise Partnership

The Leeds City Region Enterprise Partnership (the LEP) is an autonomous business-led public-private local partnership, which brings together the private and public sectors from across the City Region to:

- Provide strategic leadership.
- Unlock the region's vast potential by enabling businesses to grow and develop.
- Stimulate growth that will create jobs and prosperity for everyone who lives, works and does business in the region.
- Develop strategy and policy aimed at meeting both the current and future needs of the region's economy.
- Deliver schemes that support businesses and accelerate growth.

## 2.3 The West Yorkshire Combined Authority and the LEP

The West Yorkshire Combined Authority (Combined Authority) and the LEP work in partnership to achieve their shared goals. There are several practical ways in which this happens, notably:

- One member of the LEP Board is a member of the Combined Authority.
- The Mayor, as well as chairing the Combined Authority is a member of the LEP Board.
- The Strategic Economic Framework (SEF) details the priorities of both the Combined Authority and LEP (see section 2.5 below).
- West Yorkshire council leaders are members of the Combined Authority and the LEP.
- The Assurance Framework is adopted by both the Combined Authority and the LEP and applies across all programmes and schemes managed by Combined Authority and the LEP.
- The Managing Director of the Combined Authority is also the Chief Executive Officer of the LEP.

## 2.4 Accountability

As a Mayoral Combined Authority, the Combined Authority has a democratic mandate to invest in its local area. The directly elected Mayor provides a single

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<sup>4</sup>The exercise of these functions are subject to separate assurance processes, and do not therefore come under this Assurance Framework.

<sup>5</sup> The Mayor exercises Police and Crime Commissioner functions, but the exercise of those functions is subject to separate assurance processes and do not fall within the scope of this Assurance Framework.

point of accountability for residents and is held responsible for their decisions through the local elections, as well as through the Combined Authority's Overview and Scrutiny Committees.

The Combined Authority is the accountable body for the Single Investment Fund (SIF), which means it is directly accountable to Government for complying with any conditions or requirements attached to funding.

In addition, the Combined Authority is the accountable body for the LEP, responsible for:

- Carrying out finance functions on behalf of the LEP.
- Oversight of the LEP's financial and governance, transparency and accountability arrangements.
- Providing additional support as agreed by the LEP.

**Appendix 2** to this Assurance Framework sets out the specific roles and responsibilities of the Combined Authority as the accountable body for the LEP.

The statutory Section 73<sup>6</sup> Chief Finance Officer of the Combined Authority as the accountable body, is responsible for overseeing the administration of the Combined Authority's financial affairs. This role is extended to include the financial affairs of the LEP.

The Section 73 Chief Finance Officer also has a critical role in maintaining good governance and standards for the LEP, in particular compliance with this Assurance Framework.

**Appendix 3** to this Assurance Framework sets out the responsibility arrangements agreed by the Chair of the LEP and the LEP's Chief Executive Officer with the Section 73 Chief Finance Officer, recognising the role of the Section 73 Chief Finance Officer in relation to instilling good and proportionate LEP governance, including the oversight of the proper administration of the LEP's financial affairs

## 2.5 Geography

The West Yorkshire Combined Authority and LEP cover the same geographical area, namely the districts of Bradford, Calderdale, Kirklees, Leeds, and Wakefield. The Assurance Framework applies across all programmes and schemes managed by the Combined Authority and the LEP, some of which cover a broader geography than these five districts.

The Combined Authority and LEP will continue to explore opportunities for further collaboration with partner councils, including Harrogate Borough Council, Craven District Council, Selby District Council, City of York Council and North Yorkshire

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<sup>6</sup> Section 73 of the Local Government Act requires the Combined Authority to appoint an officer to be responsible for the proper administration of the authority's financial affairs. This role is carried out by the Combined Authority's Director of Corporate Services.

County Council, and across the whole of Yorkshire through the Yorkshire Leaders' Board.

## 2.6 Strategic Economic Framework (SEF)

In September 2020, the Combined Authority and the LEP agreed to formally adopt the SEF as the overarching strategic framework for the region, replacing the Strategic Economic Plan (SEP) in March 2021.

The SEF will guide investment decisions. It has been designed to be flexible and agile, able to contain a range of policies and be easy to amend and expand. It brings together existing and subsequent policies and strategies under a single banner, ensuring greater alignment between our strategies, priorities and vision for the City Region. To allow for greater flexibility in the SEF, it is not a single, published document but is hosted on the Combined Authority's [website](#).

It sets out our vision for West Yorkshire to be “recognised globally as a place with a strong, successful economy where everyone can build great businesses, careers and live supported by a superb environment and world-class infrastructure.”

Five priorities have been set to achieve this:

- **Boosting productivity** - Helping businesses to grow and bringing new investment into the region to drive economic growth and create good jobs.
- **Enabling inclusive growth** - Enabling as many people as possible to contribute to, and benefit from, economic growth in our communities and towns.
- **Tackling the climate emergency** - Growing our economy while cutting emissions and caring for our environment.
- **Delivering 21<sup>st</sup> century transport** - Creating efficient transport infrastructure to connect our communities, making it easier to get to work, do business and connect with each other.
- **Securing money and powers** - Empowering the region by negotiating a devolution deal and successfully bidding for substantial additional funds.

All our policies and strategies work toward meeting at least one of these priorities.

## 2.7 West Yorkshire Investment Strategy

The West Yorkshire Investment Strategy (WYIS) sets out the transformational investments that the Combined Authority will commit resources to, and the process required to make those investment decisions over an agreed investment period. The WYIS, as well as setting out the context, objectives and targets of the Combined Authority derived from the SEF, will also identify the criteria that will be used to select and prioritise schemes:

- Investments with the highest potential contribution to the Combined Authority's targeted objectives and outcomes.
- Selection of schemes must also be driven by those which support inclusive growth, our climate emergency ambitions, drive social value, tackle market failure, maximise value for money and provide different kinds of return to the SIF.
- The SIF should be guided by the funder of last resort principle - demonstrating a clear strategic case for public investment.

The design of the SIF should not mean an equal share across themes or geographies and therefore Places could expect to benefit in different ways and at different times.

The WYIS was approved by the Combined Authority on 24 June 2021.

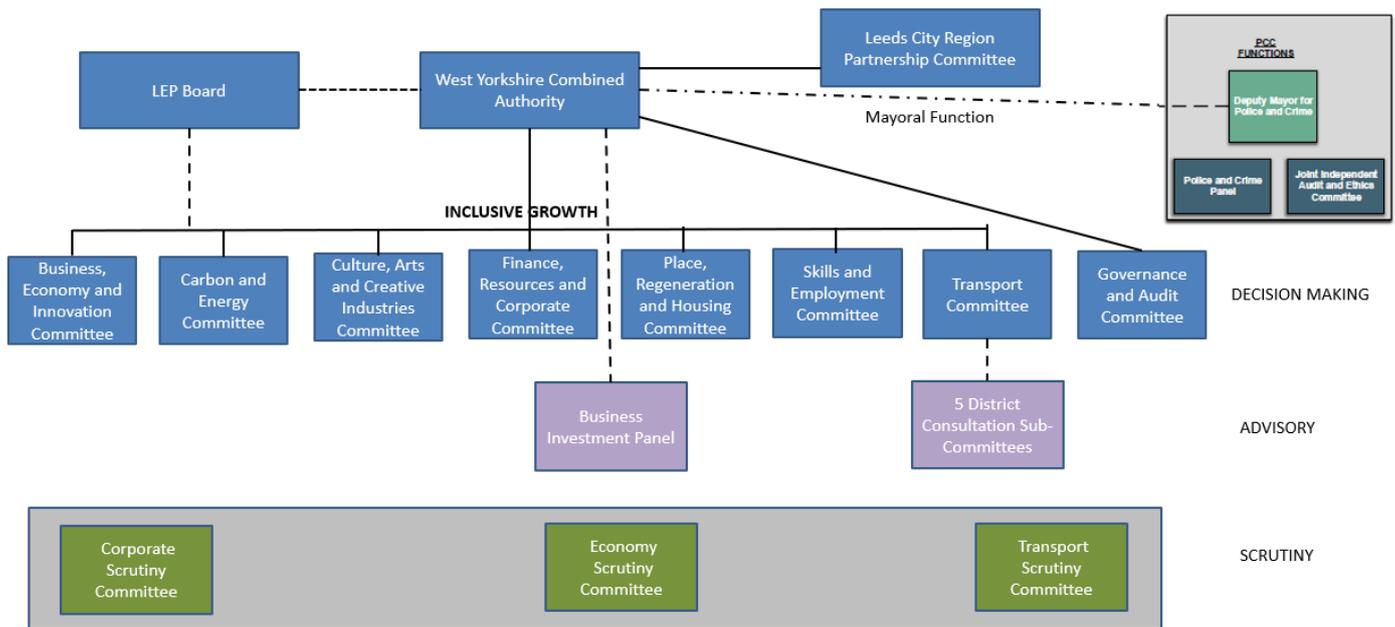
### 3 Governance

The principal decision-making bodies for the Leeds City Region are the Combined Authority and the LEP.

A structure chart of the Combined Authority and the LEP is set out below.

Committees and Panels concerned with the Mayor’s Police and Crime (PCC) Functions are subject to separate assurance processes and do not fall within the scope of this Assurance Framework.

#### Governance structure



#### 3.1 The West Yorkshire Combined Authority

**Appendix 4** sets out the governance arrangements of the Combined Authority, including membership. The Mayor by virtue of their office is a member and the Chair of the Combined Authority.

The Mayor is responsible for carrying out some specific functions (Mayoral Functions). The Combined Authority is responsible for any function of the Combined Authority which is not the responsibility of the Mayor (any Non-Mayoral Function).

Decisions on *Non-Mayoral Functions* may be taken:

- **By the Combined Authority**, (that is, at a meeting of the members of the Combined Authority acting collectively), or
- **By a committee** of the Combined Authority which has delegated authority for the function,
- Under **joint arrangements** with other local authorities, or
- **By an officer** of the Combined Authority under delegated authority.

The Mayor's vote is required in support of any decision taken at a meeting of the Combined Authority about any Non-Mayoral Function which the Combined Authority acquired when it became a Mayoral Combined Authority, that is, further to the devolution deal.

Any decision about a Mayoral Function (that is a function which is the responsibility of the Mayor) must be taken by the Mayor, or by

- The Deputy Mayor,
- Another member of the Combined Authority, under delegated authority from the Mayor, or
- An officer of the Combined Authority under delegated authority from the Mayor.

### 3.2 The LEP Board

The LEP is responsible for setting strategic direction and will hold partners to account in the delivery of the strategic objectives. Responsibility for LEP decision-making rests with its LEP Board<sup>7</sup>, the decision-making forum for the LEP.

The LEP's Constitution can be found [here](#).

**Appendix 4** provides information about the membership arrangements of the LEP Board.

### 3.3 Decision-making committees

In addition to the Combined Authority and the LEP Board, the following committees have decision-making powers:

<b>Transport Committee</b>	<p>The Transport Committee has authority to carry out any Non-Mayoral transport function of the Combined Authority, including progressing schemes under the Assurance Framework within the Integrated Transport Block of the Capital Programme, for which the cumulative total of the financial approval and tolerance threshold is £3million or under. The Committee is permitted to progress those elements of the Mayor's pledges that fall within its remit.</p> <p>The Committee also has a specific role in liaising with the Climate, Energy and Environment Committee and the Place, Regeneration and Housing Committee to secure the decarbonisation of transport infrastructure.</p> <p>The terms of reference, membership of the Committee, the dates of future meetings and agenda items can be found <a href="#">here</a>.</p>
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<sup>7</sup> The LEP Board may delegate decisions in accordance with the LEP's Constitution and the LEP Board's Procedure Rules

<p><b>Culture, Arts and Creative Industries Committee</b></p>	<p>This Committee is authorised to carry out any Non-Mayoral Function of the Combined Authority relating to culture, arts and the creative industries where the cumulative total of the financial approval and tolerance is within the threshold agreed by the Combined Authority.</p> <p>The Committee also has a specific role in liaising with the Place, Regeneration and Housing Committee in relation to infrastructure planning for culture, the arts and creative industries to promote the visitor economy and support heritage schemes.</p> <p>The terms of reference, membership of the Committee, the dates of future meetings and agenda items can be found <a href="#">here</a></p>
<p><b>Place, Regeneration and Housing Committee</b></p>	<p>This Committee carries out any Non-Mayoral Functions which promote quality of place through spatial infrastructure planning for transport, strategic land use and asset management where the cumulative total of the financial approval and tolerance is within the threshold agreed by the Combined Authority. It also carries out the Combined Authority’s role as lead authority for One Public Estate Programme and acts as a Housing and Land Board.</p> <p>The Committee has a role in decarbonisation of infrastructure, planning for sustainable development and flood risk management in liaison with the Climate, Energy and Environment Committee.</p> <p>The terms of reference, membership of the Committee, the dates of future meetings and agenda items can be found <a href="#">here</a>.</p>
<p><b>Climate, Energy and Environment Committee</b></p>	<p>This Committee carries out Non-Mayoral Functions relating to green and blue infrastructure, climate resilience and emission reduction and the development of any regional flood resilience plan where the cumulative total of the financial approval and tolerance is within the threshold agreed by the Combined Authority.</p> <p>The Committee will liaise with Place, Regeneration and Housing Committee and Transport Committee to progress decarbonisation of infrastructure and planning for sustainable development.</p> <p>The terms of reference, membership of the Committee, the dates of future meetings and agenda items can be found <a href="#">here</a>.</p>
<p><b>Employment and Skills Committee</b></p>	<p>This Committee carries out Non-Mayoral Functions relating to employment, skills, and adult education, and serves as the Skills Advisory Panel for the LEP where the cumulative total of the financial approval and tolerance is within the threshold agreed by the Combined Authority.</p>

	<p>It has a specific responsibility to liaise with the Business, Economy and Innovation Committee to ensure good employment, skills and training.</p> <p>The terms of reference, membership of the Committee, the dates of future meetings and agenda items can be found <a href="#">here</a>.</p>
<p><b>Business, Economy and Innovation Committee</b></p>	<p>This Committee is authorised to carry out Non-Mayoral Functions which promote business growth and productivity, provide business support and drive trade and inward investment where the cumulative total of the financial approval and tolerance is within the threshold agreed by the Combined Authority.</p> <p>It is required to liaise with the Employment and Skills Committee to secure good jobs, skills and training and ensure good employment.</p> <p>The terms of reference, membership of the Committee, the dates of future meetings and agenda items can be found <a href="#">here</a>.</p>
<p><b>Finances, Resources and Corporate Committee</b></p>	<p>This Committee is authorised to carry out Non-Mayoral Functions including asset management, human resources and information and communication technology where the cumulative total of the financial approval and tolerance is within the threshold agreed by the Combined Authority. This includes equality, diversity and inclusion, health and safety and issues which fall outside of the terms of reference of any other committee.</p> <p>The terms of reference, membership of the Committee, the dates of future meetings and agenda items can be found <a href="#">here</a>.</p>

### 3.4 Advisory Committees to the Combined Authority and the LEP

The following advisory panels are appointed by the Combined Authority<sup>8</sup> but also advise the LEP.

<p><b>Business Investment Panel</b></p>	<p>This panel has a key role in the assurance process for the appraisal of business grants and loans in the City Region, advising the Combined Authority, a relevant committee, the Managing Director and the LEP in relation to any Non-Mayoral Function relating to economic development loans and grants.</p> <p>The terms of reference, membership, meeting dates, agenda items and minutes of the Panel can be found <a href="#">here</a>. This Panel has representatives from the private sector and local authorities, some of whom are members of the LEP Board.</p>
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### 3.5 Other committees of the Combined Authority

The Combined Authority also has the following committees:

<sup>8</sup> These are advisory committees of the Combined Authority

<b>Overview and Scrutiny Committees:</b>	These are three statutory committees of the Combined Authority which reviews and scrutinises decision-making by the Combined Authority (including in its role as accountable body for the LEP) and the LEP. See below and further section 5.8 and 5.9 for more detail.
<b>Transport Scrutiny Committee</b>	<p>This Overview and Scrutiny Committee is responsible for the scrutiny of any functions relating to transport, or any transport-related function.</p> <p>The terms of reference, membership, meeting dates, agenda items and minutes of the Committee can be found <a href="#">here</a>.</p>
<b>Economy Scrutiny Committee</b>	<p>This Overview and Scrutiny Committee is responsible for the scrutiny of any functions relating to:</p> <ul style="list-style-type: none"> <li>• business, economy, and innovation,</li> <li>• climate, energy, and the environment,</li> <li>• culture, the arts and creative industries,</li> <li>• employment and skills, and</li> <li>• place, regeneration, and housing.</li> </ul> <p>The terms of reference, membership, meeting dates, agenda items and minutes of the Committee can be found <a href="#">here</a>.</p>
<b>Corporate Scrutiny Committee</b>	<p>This Overview and Scrutiny Committee is responsible for the scrutiny of any functions relating to finance, resources, or corporate issues, or, any function that does not fall within the terms of reference of any other Overview and Scrutiny Committee.</p> <p>The terms of reference, membership, meeting dates, agenda items and minutes of this Overview and Scrutiny Committee can be found <a href="#">here</a>.</p>
<b>Governance and Audit Committee</b>	<p>This committee fulfils the Combined Authority's statutory requirement to appoint an audit committee. It also carries out functions relating to promoting standards of conduct. See further section 5.7.</p> <p>The terms of reference, membership, meeting dates, agenda items and minutes of the Committee can be found <a href="#">here</a>.</p>
<b>Leeds City Region Partnership Committee</b>	<p>This committee provides a forum to bring together local authority representatives from all the Leeds City Region authorities, to facilitate direct collective engagement with the Combined Authority, as the LEP's accountable body.</p> <p>The Committee advises the Combined Authority in relation to its role as accountable body. It also acts as a consultative forum on any matter referred to it by the Combined Authority, which may include matters raised by local authorities not represented on the Combined Authority, or by the LEP Board.</p> <p>The terms of reference, membership, meeting dates and agenda items of the Committee can be found <a href="#">here</a>.</p>

### 3.6 Adult Education and Skills

There are separate assurance arrangements in place for administering the adult education and skills functions of the Adult Education Budget (AEB) provided by the Department of Education (DfE). Further detail on the separate arrangements for the AEB are provided in Annex C of the National Local Growth Assurance Framework. The assurance process as set out in section 7 of this Assurance Framework does not therefore apply.

A summary of the arrangements for administering, monitoring and evaluating the AEB is set out in **appendix 7** to this Assurance Framework.

## 4 Decision-making

### 4.1 Investment Decisions

All investment decisions are made by reference to:

- How well they contribute to the strategic priorities as set out in the SEF and the West Yorkshire Investment Strategy (when approved).
- Statutory requirements.
- Any grant conditions attached to funding.
- Local transport objectives.
- Funding programme objectives.

Decisions are based on merit, taking into account all relevant information.

All investment decisions are taken in accordance with the assurance process stages and activities, subject to agreed exceptions (such as bids to Government / re-prioritisation, small grant programmes, adult education functions, where alternative arrangements are in place).

Section 7 of the Assurance Framework sets out in detail the assurance process for schemes, and the **decision points** that take place at the end of each activity.

Any investment decision which has not been delegated (including those decisions where a scheme has fallen outside of the tolerances identified by the Combined Authority) must be taken by the Combined Authority.

The Combined Authority sets a bespoke approval pathway and approval route to be followed for each scheme. This may delegate decisions to any of the Combined Authority's decision-making committees, or to the Managing Director, subject to any scheme staying within agreed tolerances.

Except where otherwise specified in this Assurance Framework all programmes and schemes require **approval from the Combined Authority at Decision Point 2** (Strategic Outline Case (SOC)), in order to proceed to Stage 2 (Scheme Development).

Before taking any funding decision, a decision-maker needs to be satisfied that the Assurance Framework has been complied with. The Combined Authority's Strategic Assessment Prioritisation (SAP) group and the Programme Appraisal Team (PAT) have a key role in ensuring compliance with the Assurance Framework, see Section 7 below.

The specific decision-making authority of the decision making Committees of the Combined Authority are as follows:

#### Transport Committee

The Committee has authority to approve individual schemes within the Integrated Transport Block of the Capital Programme, up to a maximum cost of £3 million. (For schemes over £3 million, approval is given by the Combined Authority).

**All other decision making Committees**

The thematic Committees have authority to make any decision to progress a scheme<sup>9</sup> under the Assurance Framework<sup>10</sup> in accordance with any bespoke approval pathway and approval route for the scheme<sup>11</sup>, as delegated by the Combined Authority.

Any investment decision taken by the Managing Director under delegated authority, is usually taken in consultation with the Combined Authority’s Senior Leadership Team. The Managing Director reports delegated decisions to the appropriate decision-making committee as delegated to by the Combined Authority at Decision Point 2.

#### **4.2 Business Support Service, Economic Development Loans and Business Grants**

There are currently specific arrangements in place in relation to the approval and appraisal of business grants and economic development loans, which are not therefore subject to the assurance process set out in section 7.

**Business Support Service**

The Business Support Service for the City Region is funded directly from the Department for Business, Energy and Industrial Strategy (BEIS), with £512,500 awarded for 2019/20 and £780k 2020/21 (this includes the Yorkshire and Humber Growth Hubs Cluster Lead role). Additional funding of £1.7m has been secured from the European Regional Development Fund (ERDF) from April 2019 to June 2023.

20 SME Growth Managers operate within the City Region’s local authority partner councils (the five WY ones, plus Harrogate and York). 9 Growth Managers are fully funded through ERDF funding and 11 are funded on a 50 / 50 basis with BEIS funding which is matched by the local authorities who also employ them.

Detailed progress on the Business Support Service project is reported on a quarterly basis to the Business, Economy & innovation Committee (BEIC), which was formerly known as the Business Innovation and Growth (BIG) Panel and on a 6-weekly basis to the LEP Board by the BEIC Chair (who is the Leader of Kirklees Council). There is also a private sector lead on the BEIC, who is the owner of a small business in West Yorkshire. The BEIC is responsible for reviewing whether the project’s output and expenditure targets are met and for identifying and addressing risks and opportunities. In addition, detailed six-monthly reports

<sup>9</sup> Including determining change requests

<sup>10</sup> After decision point 2 (SOC) only

<sup>11</sup> With the exception of those cases where the decision would result in a revised financial approval which exceeded the cumulative total of the financial approval and tolerance threshold agreed by the Combined Authority at decision point 2 (SOC), or decision point 3 (OBC) by more than 25%, in which case the decision must be taken by the Combined Authority.

	and quarterly financial claims are sent to BEIS and the Department for Levelling Up Communities and Housing.
<b>Economic Development Loans</b>	<p>Using a framework set out by the LEP, decisions are taken about entering into economic development loans for the Growing Places Fund<sup>12</sup> (and any successor funds to be established), following consideration of the recommendations made by the <b>Finance, Resources and Corporate Committee</b> and the <b>Business Investment Panel</b> (which has public and private sector representatives). The Combined Authority approves schemes and the loan amount in principle and the Managing Director under their delegated authority finalises and approves the details, following appropriate due diligence.</p> <p>If there is an objection or issue in relation to an application, the Managing Director refers the application back to the Combined Authority for further consideration.</p> <p>The Managing Director reports decisions on loans and grants made under delegated authority to subsequent Combined Authority meetings.</p>
<b>Economic Services Grants</b>	Arrangements in relation to economic services grants are set out in Appendix 5.
<b>ESIF Sustainable Urban Development (SUD)</b>	Arrangements relating to the principles for European Structural Investment Fund Sustainable Urban Development (SUD) purposes are set out in Appendix 6.

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<sup>12</sup> Growing Places Fund loans are not currently available, but the LEP and Combined Authority is now reviewing its approach in this area of activity with the intention of launching new products later in 2020/21.

## 5 Transparency and Accountability

The Combined Authority and the LEP are mindful of the need to build the trust and confidence of stakeholders and the public, in relation to the ability to take investment decisions. Promoting transparency in its decision-making is a key part of this. We are committed to keeping records which demonstrate that all legal obligations are met, and all other compliance requirements placed upon us, and these are accessible as set out below.

The Combined Authority designates a statutory Monitoring Officer who is responsible for ensuring that decisions conform to the relevant legislation and regulation<sup>13</sup>. This role is carried out by the Combined Authority's Head of Legal and Governance Services, who is responsible for providing legal advice to the Combined Authority and the LEP. A key part of the Monitoring Officer's role is ensuring that the legal responsibilities of the Combined Authority as accountable body in relation to ensuring the transparency provisions are met, as set out below.

The Monitoring Officer also has a key role in relation to conduct, including maintaining and publishing registers of interest for the Combined Authority and the LEP – see further below.

### 5.1 Publication of Information

For transparency, the Assurance Framework is published on the West Yorkshire Combined Authority and LEP websites, together with supporting information.

The Combined Authority website, which is accessible from the LEP website, contains details of our West Yorkshire Investment Strategy (WYIS), Strategic Economic Framework (SEF) and its underpinning policies and strategies as well as information relating to progress on delivery of all programmes.

An overview of all scheme business cases and evaluation reports are published on the [Combined Authority website](#). These scheme pages also include links to relevant news articles. The Combined Authority is committed to meeting the Government branding guidelines for projects under this Assurance Framework.

Summaries of business cases to be considered by the West Yorkshire and York Investment Committee as part of the assurance process are published electronically ahead of meetings.

### 5.2 Combined Authority Transparency Arrangements

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

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<sup>13</sup> The Monitoring Officer is required by law to formally report to the Combined Authority where it appears to the Monitoring Officer that any proposal, decision or omission of the Combined Authority is unlawful or amounts to maladministration.

- The public's right to attend meetings and inspect documents of the Combined Authority as set out in its Procedure Standing Orders.
- Meetings of the Combined Authority are live streamed, enabling the public to watch the meeting over the internet.
- Agendas and reports of meetings of the Combined Authority and its committees (including advisory panels) are available to the public on its website, five clear days before a meeting [here](#).
- Minutes of meetings are published on the Combined Authority website [here](#).
- Business case summaries of all schemes / programmes coming forward for a decision are published on its website. Summaries of schemes / programmes can be found [here](#).
- Key decisions taken by officers are published on the Combined Authority website [here](#).
- The Combined Authority adheres to the Local Government Transparency Code which requires the publication of additional data.
- The business at each ordinary meeting of the Combined Authority includes receiving the minutes of the LEP for information.

Notice of any proposed key decision is published on the Combined Authority website 28 days in advance of the decision, in accordance with the Access to Information Rules in Part 4 of the Constitution [here](#). This includes any decision taken under the decision points of the assurance process as set out in section 7 of this Assurance Framework.

### 5.3 LEP Transparency Arrangements

The LEP is responsible for setting strategic direction and will hold partners to account in the delivery of the strategic objectives. Responsibility for LEP decision-making rests with its LEP Board<sup>14</sup>.

Key roles and responsibilities of the LEP Board can be found at Appendix 4 setting the strategic direction for the sustainable economic growth of the City Region economy.

- Proposing key objectives and investment priorities to deliver the overall vision and strategy of the LEP.
- Overseeing the continued delivery of the SEP along with the transition to and implementation of the SEF during 2020.
- Leading the development of Enterprise Zones (EZs) in the City Region.
- Agreeing funding criteria, leading and coordinating funding bids and leveraging funding from the private and public sector to support the delivery of agreed LEP priorities.

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<sup>14</sup> The LEP Board may delegate decisions in accordance with the LEP's Constitution and the LEP Board's Procedure Rules

- Working with the Combined Authority to set the forward strategy for attracting new financial and business investment into the area.
- Jointly approving a Business Plan and performance reporting with the Combined Authority on its plans along with the SEP and SEF.
- Influencing key sub-regional, regional, national and international strategies.
- Publishing an annual report.
- Providing a link to Government on all aspects of the LEP's work.

Additional information on the LEP's transparency and accountability arrangements is set out in Appendices 2, 3 and 4.

Agendas, reports and minutes of the LEP Board are published on the [Combined Authority website](#), which is also accessible from the LEP website.

The [LEP Board procedure rules](#) and Access to Information rules in Part 4 of the Constitution set out the details on decision-making including quorum arrangements for meetings of the LEP Board. All meetings of the LEP Board are open to the public (including the LEP's annual meeting), except to the extent that the public are excluded in relation to confidential or exempt information, in accordance with the Procedure Rules and Access to Information Rules<sup>6</sup>.

A process for the LEP Chair to take urgent decisions outside of LEP Board meetings is set out in the [LEP Constitution](#). This provides for any such decisions to be reported to the next meeting of the LEP Board and recorded and published in the minutes of that meeting. This power may be exercised, for example, to approve amendments to the LEP governance documents, in order to comply with government requirements.

The business at each LEP Board meeting also includes receiving the minutes of, or an update from, the Combined Authority and any relevant Combined Authority advisory committee or panel.

#### **5.4 Diversity Statement**

Leeds City Region is committed to achieving diversity and equality of opportunity both as a partnership and as a commissioner of services. The LEP promotes equality of opportunity and does all it can to ensure that no member of the public, service user, contractor or staff member working within a partner organisation will be unlawfully discriminated against.

We aim to integrate diversity and equality into all that we do, and the work that others do on behalf of the Leeds City Region. In practice this means doing what we can to positively promote equality and diversity across the delivery of projects, programmes and services and in relation to our own structure. The Equality and Diversity Policy including Diversity Statement can be found [here](#).

## 5.5 Requests for Information and Data Protection

The Combined Authority is subject to the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 and responds to statutory information requests in accordance with approved procedures.

The Combined Authority also deals with any requests for information from the LEP on its behalf, in accordance with the same procedures. Further information on the Combined Authority's Freedom of Information / Environmental Information Regulations & Transparency Policy can be found [here](#).

The Combined Authority is subject to the General Data Protection Regulation and Data Protection Act 2018 and must by law appoint a Data Protection Officer (DPO). The DPO<sup>15</sup> assists the Combined Authority on the monitoring of compliance with the data protection legislation, advises on data protection obligations, provides advice regarding Data Protection Impact Assessments and is the contact point for data subjects and the supervisory authority.

The Combined Authority and the LEP respect and are committed to compliance with the Data Protection legislation. The privacy notice can be found [here](#).

Requests made by data subjects under the General Data Protection Regulation and Data Protection Act 2018 will be dealt with in accordance with approved procedures.

The Combined Authority's Data Protection and Confidentiality Policy can be found [here](#).

## 5.6 Use of Resources and Accounts

The use of resources by the Combined Authority are subject to the usual local authority checks and balances, including the financial duties and rules which require councils to act prudently in spending. These are overseen by the Combined Authority's Section 73 Chief Finance Officer<sup>16</sup>, its Director of Corporate Services. 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. The Section 73 Chief Finance Officer's role extends to the LEP - see further Section 2.4 above and Appendix 3. All reports to the LEP Board must include any written advice on the matter provided by the Combined Authority's Section 73 Chief Finance Officer and Monitoring Officer.

The Combined Authority 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 formal approvals made under the Combined Authority and LEP decision-making arrangements.

The Combined Authority 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 is published [here](#) usually in June in draft and in July as fully

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<sup>15</sup> The DPO sits within the Combined Authority's Legal and Governance Services team

<sup>16</sup> Appointed under Section 73 of the Local Government Act 1985

audited, although this may change in accordance with legislative requirements. The statement will cover expenditure funded from the Single Investment Fund and other funding sources, including those received from Government. A separate financial statement for LEP expenditure is published annually in line with the timeframe for the statement of accounts.

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

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

## 5.7 Audit

The Combined Authority 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**

These audit arrangements apply to the LEP and to LEP funding in respect of which the Combined Authority is the accountable body.

The Combined Authority's Governance and Audit Committee fulfils the requirement to appoint an **audit committee**. By law this must include at least one independent person. The membership now includes two independent persons and one of these has been appointed to chair the Committee in the current municipal year.

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

An annual independent audit is conducted by **externally appointed auditors** ensuring the Combined Authority operates a robust financial management and reporting framework, including in relation to the LEP.

The Combined Authority'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. The Combined Authority's internal auditors provide assurances to the Combined Authority (through its Governance and Audit Committee, the Section 73 Chief Finance Officer) and to the LEP.

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

## 5.8 Scrutiny

To secure independent and external scrutiny of decisions, the Combined Authority's statutory Overview and Scrutiny Committees (Corporate, Economy and Transport) review and scrutinise decision-making by the Combined Authority (including decisions taken by the Mayor) and by the LEP.

No member of the Combined Authority or the LEP may be appointed to any Overview and Scrutiny Committee. The terms of reference, membership, meeting dates, agenda items and minutes of the Committees can be found [here](#).

The Committees operate in accordance with Scrutiny Standing Orders, which can be found [here](#). These provide for the Committees to require any member of the Combined Authority (including the Mayor, the LEP Member or a Chair of any committee or Panel) to attend to answer questions or provide information.

The Combined Authority and the LEP receive an annual report from the Committees at their annual meetings.

### **Scrutiny of investment decisions**

The pre-decision scrutiny review process serves as an important function in parallel to the assurance process.

With the exception of any decision which the decision-maker has resolved is urgent, the Overview and Scrutiny Committee may "call in" decisions for further scrutiny, including investment decisions which are taken:

- By the Combined Authority, or
- By the decision making Committees, or
- By an officer, where the decision is a key decision.

The Committee may direct that any such decision should not be implemented until the Committee has reviewed it and made recommendations to the decision-maker.

### **Scrutiny of the LEP**

The Committees may produce independent reports and make recommendations on any matter considered by the LEP or relating to LEP governance. It may also review or scrutinise any Combined Authority decision in its role as accountable body for the LEP.

The LEP may also seek input from any of the three Committees on any issue relating to policy and strategy development, or otherwise.

Further details on the LEP's agreement with the Combined Authority (in its role as Accountable Body) in respect of scrutiny arrangements are set out in Appendix 2.

## 5.9 Code of Conduct

Statutory provisions require the Combined Authority to adopt a Members' Code of Conduct which applies to members of the Combined Authority, including the Mayor, and to voting members of committees and panels appointed by the Combined Authority, including the advisory panels which report to the LEP. 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.

The Code is publicly available [here](#).

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

Members' interests are publicly available on the Combined Authority website through each of the Committee home pages [here](#).

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

The LEP is committed to ensuring that LEP Board members and officers demonstrate the highest standards of conduct, and act solely in the public interest.

All LEP Board members are subject to a LEP Board Members' Code of Conduct here which reflects the Nolan Principles of public life.

The LEP Board Code of Conduct also requires LEP Board members to declare and register:

- Acceptance or receipt of an offer of a gift or hospitality.
- Specific pecuniary and non-pecuniary interests.

A register of the interests disclosed by each LEP Board member is accessible from the [LEP website](#) and published on the [Combined Authority website](#), as is the Register of gifts and hospitality for LEP Board members. 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 LEP Board member from participating in decision-making.

At the beginning of each meeting, all members present are asked to declare any potential conflict of interest. These declarations are minuted.

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

## 5.10 Conflict of Interest

The Combined Authority and the LEP have adopted a Conflicts of Interest Policy which provides an overview of how conflicts of interest are managed. Appended to the Policy is a Conflicts of Interest Protocol: loans or grants to businesses which sets out a process which the Combined Authority and the LEP follow to demonstrate that applications from businesses for loans or grants are dealt with in an impartial, fair and transparent way [here](#).

## **Officers**

Combined Authority officers serve both the Combined Authority and the LEP. Officers must comply with the Combined Authority's 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.

Senior officers and other officers involved in advising on LEP decisions are also required to complete and keep under review a separate LEP Officer register of interests. The register of the LEP's Chief Executive Officer is published on the LEP website [here](#).

### **5.11 Complaints Policy**

The Combined Authority will consider any complaints received in accordance with its agreed complaints procedure, which can be found [here](#).

Any complaints about the LEP will be dealt with in accordance with the approved complaints process. The LEP has adopted a confidential complaints procedure, which can be found [here](#).

### **5.12 Whistleblowing Policy**

The Combined Authority has adopted a whistleblowing policy, which can be found [here](#) to investigate and resolve any case where it is alleged by stakeholders, members of the public or internal whistle-blowers that the Combined Authority is acting in breach of the law, failing to adhere to the framework or failing to safeguard public funds. The LEP has adopted a whistleblowing policy, which can be found [here](#).

### **5.13 Resources and Capabilities**

The Combined Authority and the LEP ensure that members and officers have the capacity and capability to deliver their respective roles. They support people to develop their expertise and update it to take account of developments.

The Combined Authority has the necessary staff resource with the necessary key functions to enable it to:

- Manage the process, including supporting business case development.
- Carry out programme and project appraisal.

- Co-ordinate and manage the decision process (e.g. time of meetings and associated paperwork).
- Oversee the delivery, monitoring and evaluation of schemes (e.g. benefits realisation management, financial and resource management, risk).

The Combined Authority draws on external expertise and technical support such as financial, economic, property, legal and evaluation advice, for example through consultancy frameworks or from partner organisations including Homes England, local authorities, Skills Funding Agency, and others

## 6 Local Engagement and Partnership Working

### 6.1 Local Engagement

Engagement with stakeholders and the wider public is regarded as a central part of the process to develop, monitor and implement strategies, funding programmes and all other aspects of the work of the Combined Authority and the LEP.

To support this process, a set of consultation and engagement protocols have been developed and the Consultation and Engagement team work with colleagues to ensure these principles are applied in any consultation and engagement activities that are undertaken. As well as carrying out insightful and robust consultation and engagement activities, relevant legislation must be adhered to. Partners are encouraged to adhere to these protocols where possible.

Engagement with stakeholders and the wider public is as inclusive as possible, using the following principles:

- Stakeholders and members of the public are aware of the approach to consultation and activities.
- Stakeholders and members of the public are able to have their say on proposals when they are still at a formative stage.
- Consultation is open, transparent and accessible.
- The consultation process is well planned, managed and coordinated and achieves value for money.
- Consultation is effective, meaningful and of a consistently high quality.
- Consultation feedback is properly considered, and outcomes are reported in a timely way.

To support any face-to-face engagement, a digital engagement hub ([yourvoice](#)) has been developed that enables information to be shared and feedback sourced electronically in a more interactive way.

Stakeholders are engaged in all work that the LEP and Combined Authority undertake. Regular updates are provided to existing panels and committees such as the District consultation sub committees.

As part of the LEP's work with business, a Business Communications Group (BCG) has been established, made up of representatives from key business organisations in the City Region. This group reports to the LEP Board. The group plays an active role in supporting business growth in the region by helping to coordinate effective communications between the LEP and the business community. The group also acts as an advisory group to the LEP Board; consulting with their members on barriers to growth and ensuring businesses are at the heart of all activities.

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

A Partnership Strategy has been developed and engagement and communication with partners takes place through a range of channels, including social media, press releases, websites, events and e-newsletters. Social media has been used particularly effectively for informal engagement on policy, future strategy and project development.

New methods to engage with key stakeholders, businesses and the public are continually sought, and effectiveness and lessons learnt are monitored.

## **6.2 Arrangements for Collaborative Cross-LEP Working**

The LEP is committed to collaborating across boundaries, where interests are aligned when developing strategies and interventions to maximise their impact across their different objectives. This helps to ensure a more efficient use of resources and secure a better outcome than operating in isolation.

The LEP collaborates with other neighbouring LEPs on many areas of its businesses and details about these collaborations, and further potential opportunities, are regularly reported to the LEP Board. The LEP is committed to working with the LEP Network.

## 7 Assurance Around Programme and Project Delivery

### Leeds City Region Assurance Process

#### 7.1 Overview

This section sets out how the assurance process is used in the development and delivery of all project and programme investments. The assurance process will be applied to the assessment of schemes and programmes that flow through Combined Authority and the LEP, drawing on current national guidance (e.g. HM Treasury Green Book, DfT TAG and MHCLG Appraisal Guidance).

The assurance process (set out below) has three stages; Stage 1: Assessment and Sequencing, Stage 2: Scheme Development, Stage 3: Delivery and Evaluation. It provides a practical 'step-by-step' framework to aid the development of business cases, to ensure successful delivery and to enable monitoring and evaluation. The assurance process is transparent and proportionate and offers a structured process for appraising, developing, planning, delivering and evaluation that is in line with HM Treasury guidance to deliver best public value.

The assurance process is used by the following:

- **Scheme promoters:** it provides a pathway to allow promoters to develop proposals in a way that will ensure their schemes have a robust business case, show value for money and show that they address the Combined Authority's investment priorities.
- **Decision-makers:** it is a framework to provide the information they need to take investment decisions and to prioritise between different proposals in a clear and transparent manner.
- **Partners and the wider public:** to give confidence that there is a clear and transparent framework to appraise and prioritise schemes and to take investment decisions.

Under each stage outlined there are a series of activities (7 in total) that need to be carried out in order to progress each scheme. Whilst there are seven possible activities, not all would apply to all schemes and the process and intensity of appraisal applied can be tailored for each scheme depending on its type, scale and complexity, with the appropriate activities applied (e.g. not all schemes will be required to complete an outline business case (decision point 3); they could proceed straight to full business case (FBC), (decision point 4).

At the end of each activity, a scheme is required to go through a decision point (DP1 to DP6) or reporting point (DP7). It is here where a scheme is appraised using the HM Treasury 'five cases model'<sup>17</sup>. As such, scheme sponsors must demonstrate that a robust, accurate and compelling business case exists at each stage of the process (subject to the assurance pathway and approval route as recommended by the Combined Authority's Programme Appraisal Team (PAT)).

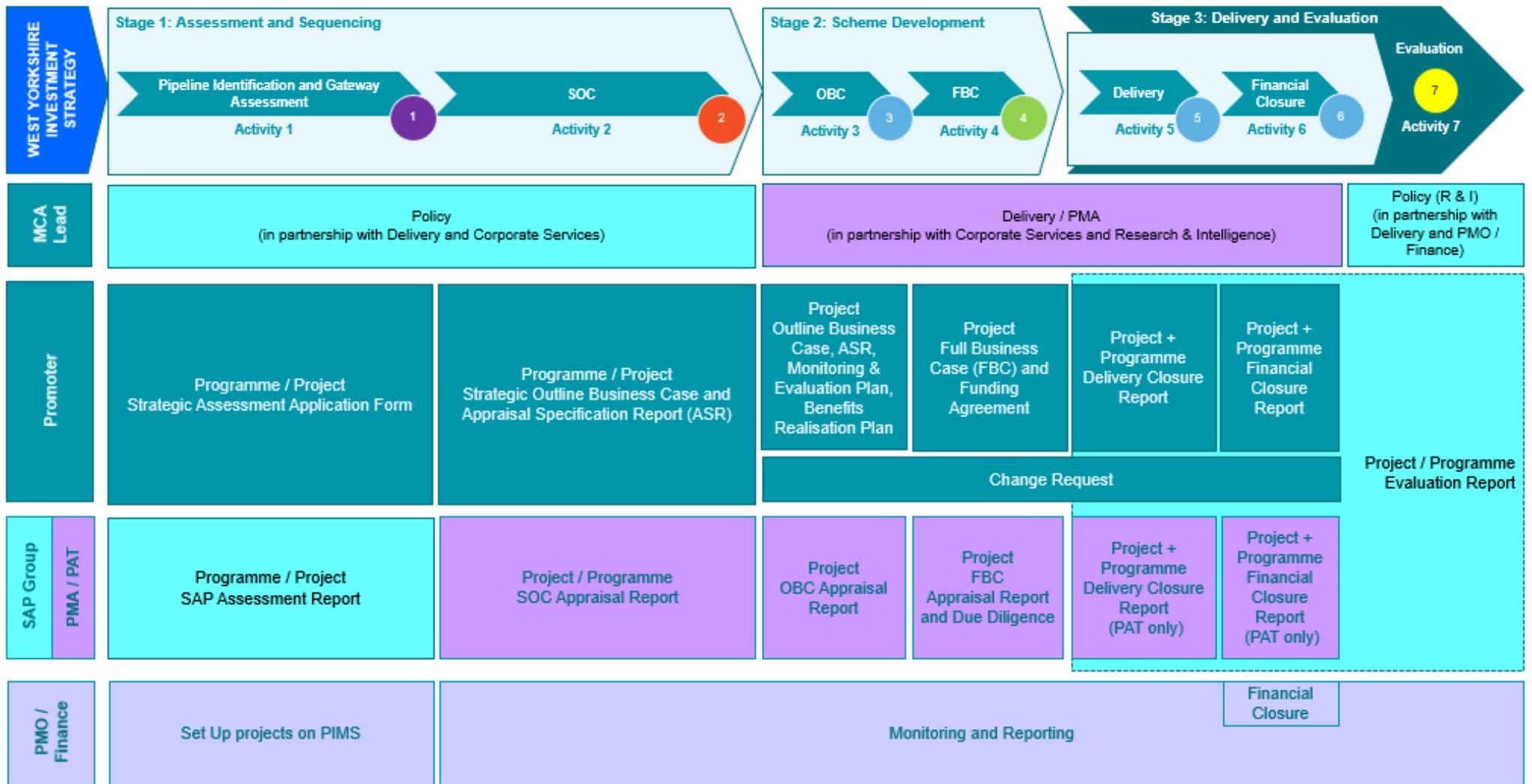
Subject to the exceptions, such as small grant programmes, for example, business growth grants and loans, where alternative arrangements are in place, all

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<sup>17</sup> The HM Treasury "five cases model" includes the Strategic, Commercial, Economic, Financial and Management cases.

programmes and schemes require approval from the Combined Authority at Decision Point 2 (Strategic Outline Case (SOC)), in order to proceed to Stage 2: Scheme Development. It is at decision point 2 where the Combined Authority approve the indicative funding, approval pathway and route and tolerance levels.

Development funding for development of the next stage / activity can be approved at any decision point.



**KEY:** ● Key Decision Point (CA Approval Required) ● Key Decision Point (IC/CA Approval may be required) ● Decision Point (IC/CA Approval may be required) ● Decision Point ● Reporting Point

## 7.2 Stage 1: Assessment and Sequencing

### Criteria for prioritisation

As set out in section 2 above, the aim of the Strategic Economic Framework (SEF) is to form the new overarching economic framework for the region, building on the successes of the Strategic Economic Plan (SEP). It sets out the vision for the region and our priorities for achieving this.

The West Yorkshire Investment Strategy (WYIS) will provide a vehicle for translation of the Combined Authority's SEF objectives, Recovery Plans, the Mayor's manifesto commitments and the City Region's devolution agreements in to funding and operating priorities that deliver the wider strategic aims of the Combined Authority, thus providing a sound basis for taking investment decisions. Partners will be able to apply for funding clearly aligned to our investment priorities.

The WYIS will be reviewed annually to take account of changing economic circumstances, updates to the SEF, what is working well and what is not, and new funding and investment opportunities which set out the focus for our investments as well as align with the Assurance Framework annual review.

### Activity 1: Pipeline Identification and Gateway Assessment:

Programmes / schemes will start to be developed through an ongoing dialogue with the Region's businesses, third sector and public organisations, in line with the WYIS. It will also ensure stakeholders are informed about the availability of funding the WYIS objectives, allow them to identify, develop and co-design project/programme opportunities from an early stage and apply for funding clearly aligned to our investment priorities. The LEP is expected to play an important role in identifying sector led opportunities.

Other avenues for potential schemes to access funding opportunities could be through either a commissioning process or through open calls with specified deadlines for submissions. Any commissioning or open calls will aim to address specific gaps to help the Combined Authority achieve its overall economic ambitions.

Programmes / schemes will be assessed on a case-by-case basis by the Strategic Assessment Prioritisation Group (SAP) to determine if they are eligible to proceed, through an early-stage gateway check and challenge review. The role of SAP is explained below in section 7. If programmes / schemes are eligible, they will be awarded '*approved development status*' (Decision Point 1) and will then progress to Strategic Outline Case (SOC) as part of the assurance process (Activity 2).

Programmes / schemes at this stage will be provided with feedback and can be rejected or deferred until further supporting information is provided. This is carried out by assessing strategic fit against the WYIS. The SAP Group will recommend a Strategic Assessment (SA) decision notification for approval by the Managing Director (or by an officer under sub-delegated authority from the Managing Director) (Decision Point 1).

The City Region's carbon emission reduction target was set in July 2019. This target commits the region to be net-zero carbon by 2038, with significant progress by 2030. Therefore, the vast majority of schemes funded by the Authority will be expected to contribute to this commitment. The Combined Authority has developed an approach

to carbon appraisal which forms an integral part of the Assurance Framework and features in all stages of business case development from SA through to FBC.

### **Activity 2: Strategic Outline Business Case (SOC):**

Eligible programmes / schemes will, once awarded approved development status at Decision Point 1, submit a SOC whereby a full appraisal will be undertaken. At SOC scheme promoters will be expected to set out their proposed approach to establishing value for money (VfM) at a programme / scheme level for review by the Combined Authority before commencing to the next stage of the assurance process. For transport scheme, promoters will be required to submit an Appraisal Specification Report (ASR).

The SOC will be appraised by the Combined Authority's Portfolio Management and Appraisal Team and / or Research & Intelligence Team and a recommendation presented to the Programme Appraisal Team (PAT) for progression of the scheme.

The programme / project will then be presented for recommendation by the Programme Appraisal Team (PAT) for approval by the Investment Committee and Combined Authority.

It is at the end of this stage where the Combined Authority approve the indicative funding, approval pathway and route and tolerance levels (Decision Point 2).

### **7.3 Stage 2: Scheme Development**

Once a programme / scheme has gained SOC approval from the Combined Authority, the scheme will then be required to submit an Outline Business Case (OBC), unless the approval pathway set at decision point 2 does not require this. The OBC should revisit the options identified within the SOC to identify the option which optimises public value, confirm the affordability of the scheme and put in place the arrangements to ensure successful delivery.

The OBC should be prepared in accordance with the Green Book five-case model and should include a draft Monitoring and Evaluation Plan and a Benefit Realisation Plan. The Economic Case must be developed in consistency with the agreed ASR.

Guidance will be provided to scheme promoters around the level of detail to be submitted at this stage with regards to proportionality of the business case.

The OBC will be appraised by the Combined Authority's Portfolio Management and Appraisal Team and a recommendation presented to the Programme Appraisal Team (PAT) for progression of the scheme. The role of PAT is explained below in section 7. The programme / project will then be presented for recommendation by the Programme Appraisal Team (PAT) for approval by the decision-maker (Decision Point 3) as set out in the approval pathway and route approved at Decision Point 2.

The Full Business Case (FBC) confirms the contractual arrangements for the preferred option. Affordability of the scheme is reiterated, and the scheme puts in place the final arrangements for delivery and monitoring and evaluation of the scheme. A Monitoring and Evaluation Plan and a Benefit Realisation Plan are mandatory products at this stage. The FBC should also be prepared in accordance with the five-case model and any conditions set at SOC or / and at OBC should be resolved within the FBC submission. If conditions have not been met, the scheme

may be required to return to Activity 3 (OBC). The Economic Case must be developed in consistency with the agreed ASR.

The FBC will be appraised by the Combined Authority's Portfolio Management and Appraisal Team and a recommendation presented to the Programme Appraisal Team (PAT) for progression of the scheme. The programme / project will then be presented for recommendation by the Programme Appraisal Team (PAT) for approval by the decision-maker (Decision Point 4) as set out in the approval pathway and route approved at Decision Point 2.

The FBC approval will be granted with a condition that the scheme remains within set tolerances. Where this condition has been met approval to proceed into Delivery (activity 5) will be granted by the Managing Director (or by an officer under sub-delegated authority from the Managing Director) following a recommendation from the Programme Appraisal Team (PAT). If the condition is not met, the project will be required to re-submit the FBC.

#### **7.4 Stage 3: Delivery and Evaluation**

Once a programme / scheme gains FBC approval and the conditions set have been met, the scheme can progress into Activity 5 (Delivery).

Upon scheme completion, a Delivery Closure Report is required that details how the scheme has performed. This includes whether delivery has remained within the timeframes specified within the business case, has achieved the objectives of the scheme and associated outputs, documents what has been delivered and highlights the overall costs.

The Delivery Closure Report will be appraised by the Programme Appraisal Team (PAT) for progression of the scheme. The programme / project will then be presented for recommendation by the Programme Appraisal Team (PAT) for approval by the decision-maker (Decision Point 5) as set out in the approval pathway and route approved at Decision Point 2.

Following completion of Activity 6, the scheme will be required to submit a Financial Closure Report (Activity 6). The Financial Closure Report confirms the final costs for the scheme, ensuring all payments have been completed.

The Financial Closure Report will be appraised by the Programme Appraisal Team (PAT) for closure of the scheme. The programme / project will then be presented for recommendation by the Programme Appraisal Team (PAT) for approval by the decision-maker (Decision Point 6) as set out in the approval pathway and route approved at Decision Point 2.

The purpose of the Delivery and Financial Closure Reports is to assess the success of the scheme, identify best practice for future schemes, resolve all open issues and to capture feedback and lessons learnt to inform the development and delivery of future schemes.

Activity 7 (Evaluation) will be managed by the Combined Authority's Research & Intelligence team. This is a reporting point as opposed to the previous decision points in the process and will be undertaken when the Programme (or project in some circumstances), is completed for an evaluation of the benefits, outcomes and economic impact compared to the overall programme objectives set out in the SOC. Insights and learning intelligence from evaluation will also be fed back into policy and

strategy in order to inform the design and development of future programmes and schemes. Interim evaluations may also be undertaken as required as set out in the Monitoring and Evaluation Plan.

## 7.5 Change Requests

During any Stage / Activity, if a scheme requires additional funding, an increase in timescale or changes in scope, a change request is required to be submitted for the scheme to be re-appraised to ensure value for money is still being achieved.

Change requests will be appraised by the Combined Authority's Portfolio Management and Appraisal Team and a recommendation presented to the Programme Appraisal Team (PAT) for progression of the scheme. The change request will then be presented for recommendation by the Programme Appraisal Team (PAT) for approval by the decision-maker, dependent upon the tolerances set out at Decision Point 2.

## Appraisal

### 7.6 Who will undertake the appraisal of schemes?

#### **The Combined Authority appraisal function**

Each programme / scheme will be assigned a lead appraiser, who will be responsible for carrying out the objective appraisal of the business case. This may be done using expertise from the Combined Authority's Portfolio Management and Appraisal Team and / or Research & Intelligence Team, or where necessary bringing together expertise from within the Combined Authority or from external advisors and partners. This may cover financial, transport, economic, property, legal matters, and experience of the relevant priority areas of the SEP.

After the lead appraiser's appraisal, Business Cases and Change Requests will be further appraised by the Programme Appraisal Team (PAT) or the Strategic Assessment Prioritisation Group (SAP). The programme / scheme will then be presented to the decision-maker as set out in the approval pathway and route approved at Decision Point 2.

There will be a clear separation between the appraisal function and the project sponsor / promoter. This means that staff carrying out appraisal will not be involved in advising on project and business case development activity. As part of the appraisal process, scheme promoters will be engaged to review any key issues arising from the ongoing appraisal as appropriate.

The Combined Authority appraisal function, the SAP group and Programme Appraisal Team (PAT) scrutinise, and quality assure the process to ensure that the work undertaken is independent of the authority promoting the scheme.

#### **Strategic Assessment Prioritisation Group (SAP)**

The SAP is responsible for undertaking the assessment of potential schemes, for alignment and contribution to the policies and strategies of the Combined Authority, through the Strategic Assessment form that is submitted to the Combined Authority, at activity 1. The assessment will focus on how;

- A project / programme will address the key problem which a project / programme is seeking to address (and hence the reasons why the public sector should intervene and fund).
- Clarity and robustness of a schemes design - through a clearly designed logic chain – where the relationship between need and problem is clearly linked to outputs, impacts and outcomes much earlier in the design process.
- Manage the potential project development costs required.
- Establish and share potential innovation / collaboration opportunities with respective applicants. Any local best practice and knowledge sharing that can be used to enhance the proposal.

The SAP provide evidence and recommendations to the Director of Delivery and the Director, Strategy Communications and Policing on a decision for every Strategic Assessment submitted, for approval. The SAP agree any conditions that are required as part of a project / programme progressing through activity 1, and which, subject to approval, will form part of the Strategic Assessment certificate.

The SAP consists of a core membership representing Combined Authority policy, strategy and communications, finance, delivery and PMA functions. Attendance at SAP meetings is supplemented by appraisers, independent technical advisers, promoters and their advisors, and other attendees as required to supplement the decision-making process. Other officers may be invited onto the group, including relevant Policy Managers, depending upon the Strategic Assessment that is due to be submitted.

The SAP is an internal assurance group and has no formal approval making powers. The SAP make recommendations, which are then reported through the Combined Authority's governance arrangements for a formal decision.

### **Programme Appraisal Team (PAT)**

The Programme Appraisal Team (PAT) is comprised of West Yorkshire Combined Authority officers who oversee the assurance process as schemes / programmes progress through it.

The PAT consists of a core membership representing Combined Authority programme delivery, PMA, policy, economic, legal, and financial functions. Attendance at PAT meetings is supplemented by case officers, independent technical advisers, promoters and their advisors, and other attendees as required to supplement the decision-making process.

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

## **7.7 Who will approve schemes?**

At Decision Point 1 the Combined Authority's Managing Director (or by an officer under sub-delegated authority from the Managing Director) approves 'approved development status' and where required can approve development funding for SOC production.

At Decision Point 2 (SOC) the Combined Authority approve the indicative funding, approval pathway and route, tolerance levels and development funding for future stages.

At Decision Point 3 and 4 the decision-maker (as set out in the approval pathway and route approved at Decision Point 2) approves indicative funding, approval pathway and route, tolerance levels and development funding for future stages.

The FBC approval will be granted with a condition that the scheme remains within set tolerances. Where this condition has been met approval to proceed into Delivery (activity 5) will be granted by the Managing Director (or by an officer under sub-delegated authority from the Managing Director)). If the condition is not met, the project will be required to re-submit the FBC.

At Decision Point 5 and 6 the decision-maker (as set out in the approval pathway and route approved at Decision Point 2) approves the Delivery Closure (DP5) and Financial Closure (DP6). The decision-maker for Change requests is dependent upon the tolerances set out at Decision Point 2.

## **7.8 Appraisal proportionality**

The Combined Authority will use national guidance for scheme appraisal; HM Treasury's Green Book, including supplementary and departmental guidance, such as the Department for Transport's (DfT) TAG and MHCLG's Appraisal Guidance where appropriate.

The Combined Authority may also use local methodologies for this purpose with decision-makers determining the most appropriate for each scheme appraisal.

The Combined Authority's approach for Value for Money Assessment is dynamic; as advances in techniques becomes clear this will be incorporated in its methodology and provided as supplementary guidance for promoters to that of the HM Treasury Green Book.

It is important to note the Combined Authority's climate change aspirations. As of 2021 the Authorities methodology for carbon assessment forms part of the appraisal process, a proportionate approach will be utilised, and guidance will be given on a scheme by scheme basis on the level of requirement.

The assurance process adopts a proportionate approach based on an assessment of risk, cost, novelty and deliverability. For example, a low cost, low risk scheme may proceed from Activity 2 to Activity 4 with a simplified business case template requirement for evidencing value for money.

The Authority uses a variety of templates with 'How to Guidance' provided to the promoter in order for the authority to gather the evidence required to assure value for money and realistic business case proposals. Officers will work with promoters to give additional guidance in order for a proportionate approach to be achieved.

## 7.9 Methodology to assess Value for Money (VfM)

The range of toolkits (HMT Green Book, DfT TAG, MHCLG Appraisal Guidance etc) are used to demonstrate the economic, social and environmental benefits and cost over an appropriate appraisal period in order to assess the VfM of a scheme. In line with recognised VfM guidance, the assessment will consider:

- **Economy:** Minimising the cost of resources used.
- **Efficiency:** The relationship between the output from goods or services and the resources to produce them.
- **Effectiveness:** The relationship between the intended and actual results of public spending (outcomes and meeting objectives).
- As set out in the LEP National Local Growth Assurance Framework guidance, the methodology used to assess VfM will be in line with the established guidance prescribed by the relevant Government department:

### Compliance with Department for Transport's TAG guidance

All transport schemes will be subjected to the minimum requirements on modelling and appraisal in developing a Value for Money (VfM) statement, as set out in the National Assurance Framework Guidance (LEP and Single Pot). This includes using the definitive version of the National Trip End Model (NTEM) (DfT's planning dataset) in forecasting the Central Case scenario. This essentially means that although the local development dataset, as supplied by the local planning authorities, will be used the total future demand will be constrained to NTEM at a suitable geographic level. However, the Combined Authority will also advise promoters to develop a range of sensitivity scenarios based on alternative planning assumptions to present to decision-makers on how the scheme's VfM performs under different future conditions.

The modelling and appraisal work will be independently scrutinised to ensure it has been developed in accordance with TAG, is robust, and is fit for purpose. A review panel made up of the senior officers of the Combined Authority, referred to as the Programme Appraisal Team (PAT), will be used, so that appropriate and independent recommendations can be provided to decision-makers. Responsibility for quality assurance of the assessment and scrutiny will rest with the Combined Authority's Head of Portfolio Management and Appraisal (PMA).

In-line with TAG, the promoter will not carry out any modelling and appraisal work for any activity in Stage 2 prior to Appraisal Specification Report agreement with the Combined Authority's assigned officer. All evidence supplied as part of economic case in all activities in Stage 2 will be appraised against the methodology set out in the agreed ASR. An Appraisal Summary Table (AST) and VfM Statement will be produced by following TAG and DfT's VfM guidance.

The Economic Appraiser will provide an assessment on the VfM Statement for decision-makers, summarising as part of the appraisal. The conclusions from VfM assessment will take into consideration whether benefits outweigh the

costs whilst identifying key risks and sensitivities that may affect the VfM conclusion. The experts will also set out what level of Analytical Assurance PAT and decision makers may attach to the VfM position based on quality of work, uncertainty in appraisal and risks.

Preference will be given to schemes which offers at least 'High Value for Money', accounting for significant non-monetised impacts and key uncertainties. The justification for a recommendation for a project to proceed with a Value for Money less than 'High' will be set out in the reports seeking approval from the relevant decision-makers.

In line with the recently revised Green Book, in assessing value for money, a stronger emphasis may be placed on the strategic case and how the strategic objectives and priorities of the Combined Authority will be met through the delivery of the project. This might for example include, but not limited to, supporting the climate change and good growth agenda (the Combined Authority aims to achieve net-zero by 2038), supporting an increase in active mode and public transport use and / or supporting / accelerating housing development. The specific approach will be determined on a programme by programme basis as funding and investment streams come forward.

To establish Value for Money the Combined Authority follows the new Green Book advice and reviews the following:

- Objectives: A number of SMART objectives and Critical Success Factors are used at Strategic Outline Case stage to ensure the short-list options, that will be assessed in fuller detail at Outline Business Case (OBC) stage, are aligned with strategic objectives of the organisation and as a result is likely offer VfM to the society.
- Benefits: Net present value to society of all social, economic and environmental benefits. The benefits may be monetised, quantitatively or qualitatively. This is carried out in greater detail at OBC stage.
- Costs: Net present public resource costs following whole life costing method. This includes capital costs, operating and maintenance costs and as well as opportunity costs (if appropriate). This is carried out in greater detail at OBC stage.
- Risk: Risk costs associated with managing and mitigating identifiable and significant risks. This is carried out in all stages with increasingly detailed analysis as the scheme progresses through different business case stages. Residual 'hard to quantify' risk and uncertainty, where it is likely to be significant, are also considered as part of the value for money judgment. For example the impact of public transport fare revenue due to increased practise of work from home and online shopping.

- **Wider Impacts:** Additional wider impacts which are not readily or credibly quantifiable or monetisable, but which are considered decisively important enough to be taken into account are considered. The Combined Authority requires an economic narrative or other ways of justification for such impacts. This is carried out in greater detail at OBC stage.
- **Equality and Diversity:** The distribution of the likely impact in different parts of the society and across protected characteristics are considered in the VfM judgement.

### **Estimating economic and wider benefits**

All programmes and schemes will be expected to have a positive (direct or indirect) impact on growth through job creation, skills improvement, increased productivity, and improved connectivity, to ensure that the good growth aspirations articulated in the SEF are realised. This also includes inclusive growth and clean growth aspirations.

A range of tools and models will be used to help estimate the direct, indirect and wider economic impact of scheme proposals in order to facilitate the prioritisation and decision-making process. It would be expected that the promoter engages with the Combined Authority on the approach and the preferred model(s) to be used to appraise the economic benefits, reflecting the scheme context and scope. For transport schemes this should be set out in the ASR.

The Combined Authority have developed a robust methodology (quantitative and qualitative) for assessing all new scheme's predicted carbon emissions / wider clean growth impacts, to strengthen how clean growth and climate change impacts are considered as part of all new schemes that come through the Combined Authority's Assurance Framework.

#### **7.10 Due diligence**

Due diligence refers to the process of undertaking independent verification of key information provided by scheme promoters in support of funding proposals. It is intended to supplement the appraisal process and support the effective management of risk. It will be undertaken by the Combined Authority's Programme Manager and may take place at any stage in the assurance process prior to entering into a grant funding agreement (GFA).

The scope of due diligence will depend on the nature of the funding proposition and the promoter. Where the promoter is a private sector body it is likely to take the form of an independent assessment of ownership structure and financial standing and any other appropriate risk considerations determined at that time.

#### **7.11 Risk Management**

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

The LEP has agreed that the Combined Authority, through the Section 73 Chief Finance Officer, manages risk on the LEP's behalf.

The Combined Authority recognises that effective risk management is an integral part of good corporate governance and as such should be a part of everyday management processes. The Combined Authority is committed to ensuring the robust management of risk, and as such a corporate risk management strategy is in place to set out a consistent approach to all risk management activities undertaken throughout the Organisation. This includes the Combined Authority's risk appetite statement, which is based on risk category. The Risk Management Strategy can be found [here and the description of the risk faced by the LEP is part of the reports reviewed by the LEP Board at each meeting](#).

Full scheme-level risk analysis and mitigation plans are required for each programme and scheme when developing their business case. These are required to comply with the Combined Authority Risk Management Strategy and are assessed as part of the appraisal process set out in this Assurance Framework.

Robust processes for the identification, analysis and management of risks is contained within the Combined Authority's Risk Management Strategy and supporting documents. These provide details on the regularity with which to review risks and guidance for effective risk identification, assessment and escalation.

## 7.12 Funding Agreements

At the point where funding is released, the Combined Authority will enter into a funding agreement with the promoter. Any funding conditions will be specified in the funding agreement and can include but not limited to:

- A funding cap.
- The promoter's Chief Internal Auditor to provide assurance and to certify all expenditure on an annual basis.
- Claw-back provision in place to ensure funding is only to be spent on the specified scheme and that any cost savings achieved on the completed scheme are returned.
- Where projects could trigger a return on investment, they may be subject to overage. A consistent overage mechanism will be applicable where projects receive support through either grant or loan support or on disposal of property or assets.
- The Combined Authority, as the accountable body, will determine when to release funding.
- The Combined Authority may arrange for local audit of schemes to detect any misuse of funds.
- All organisations that receive funding through the Combined Authority and / or LEP are contractually required to acknowledge this, and that of Government in all communications and marketing activity. This includes use of logos on relevant communications materials, inclusion of specified wording in press releases and development of stories and case studies that showcase the impact of schemes.

The Combined Authority and the LEP will look to recover funding where there has been non-compliance, misrepresentation or under-performance. The Accountable Body arrangements in Appendix 2 set out how concerns are escalated, including taking a legal opinion on the likelihood of recovery.

### **7.13 Management of contracts**

West Yorkshire Combined Authority has implemented a performance management process which is aimed at ensuring contract performance is achieved and that all contract deliverables and obligations are met. The process will ensure that the following key contract management elements are implemented:

- Contract managers who understand all contract requirements, deliverables and provider obligations.
- Contract managers have a detailed understanding of the Combined Authority's responsibilities within external funding agreements linked to supplier agreements.
- Regular contract performance meetings are held with providers to review contract delivery in order to maintain ongoing quality and performance of the contract.
- Performance reporting updates are submitted on a regular basis by providers, highlighting performance against key performance indicators and service levels (as appropriate).
- Implementation of regular quality and compliance audits which provide the required evidence in support of contract compliance for LEP funded programmes and agreements.
- Ongoing contract management to include programme risk and issues management.
- Ensure ongoing delivery of value money through effective change management control in accordance with the contract terms and conditions.
- Problem resolution and implementation of improvement plans where necessary to support increased performance.

The Finance, Resources and Corporate Committee and LEP Board receive regular high-level reports on the progress of funded programmes and schemes together with any significant risks, issues and opportunities. More detailed reporting including specific supplier performance against these programmes and schemes are reported to the relevant panel / committee / project board and also to the Combined Authority's Senior Management Team.

Any contract negotiations that result in material changes will be assessed and dealt with through the standard variation process as determined within the Combined Authority Contract Standing Orders.

The LEP Board will be consulted on all contract changes that are considered to be critical in nature towards the delivery of LEP funded programmes and schemes.

## 8 Monitoring and Evaluation

### 8.1 Monitoring

All schemes are monitored throughout their progression through the assurance process. The Combined Authority use a web-based Portfolio Information Management System (PIMS), to ensure a consistent approach to monitoring and management of all schemes. A key benefit of PIMS is that information is available to view by all parties to the project. This helps to ensure the accuracy of the data held.

The system provides the following benefits:

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

Programmes and schemes funded by the Combined Authority and the LEP are required to have an outputs and benefits realisation plan as part of business case development. These should be produced as part of activity 3 (OBC) and refined and be in place at the end of activity 4 (FBC). These should be linked to the Monitoring

and Evaluation Plan to ensure a joined-up approach to appraisal, monitoring and evaluation.

Key metrics of information on performance are reported at regular intervals including expenditure, progress, outputs and benefits, risks and issues, as well as match funding. A rolling schedule of growth deal funded schemes is published on the [Combined Authority](#) and [LEP](#) websites.

The LEP Board and the Finance, Resources and Corporate Committee receive regular high-level reports on the progress of funded programmes and schemes together with any significant risks, issues and opportunities to enable effective management of all schemes and programmes. These reports are published on the Combined Authority and LEP websites.

## 8.2 Evaluation

Programmes and schemes funded by the Combined Authority and the LEP are required to have a monitoring and evaluation plan as part of business case development. These should be produced as part of activity 2 (SOC) and refined and be in place at the end of activity 4 (FBC).

The outputs from the monitoring and evaluation plan, together with the outputs realisation plan will be used to assess the effectiveness and impact of investing public funds and the extent to which schemes are contributing to the overall objectives of the Combined Authority and the LEP.

An Evaluation Strategy has been now been adopted by the Combined Authority and can be accessed through [this link](#).

The Evaluation Strategy shapes the design and development of project level evaluation activity through its focus on “Logic Models” as the basis of “activity 7” of the Assurance Framework reporting. Logic models set out the relations between what we deliver and the outcomes and impacts we hope to achieve. In doing so, they shape the information we monitor during delivery and capture at project closure . The Evaluation Strategy sets out how logic models should be developed.

Our approach to the development of the evaluation strategy recognises that it is locally owned and managed, drawing on local systems. A key principle is that evaluation will be proportionate and selective i.e. not everything will be evaluated. The Evaluation Strategy in section 1.3 – Designing Effective Evaluation provides guidance on determining proportionality. Partnership working with LEPs and Government is also integral to identify opportunities for thematic evaluations that could be conducted across LEP areas or centrally commissioned.

Our approach to monitoring and evaluation and focusing the evaluation around WYIS success measures will align the LCR Assurance Framework with the “National Local Growth Assurance Framework” (MHCLG, September 2021).

These key themes focus on:

- **Strengthening understanding of the expected impacts, outcomes and additionality of all forms of schemes at an early stage in their design to improve the ex-post evaluation of interventions.** All project sponsors will be required to adopt a consistent approach to the use of

“Logic Models”. Logic models represent an essential element of project and programme development and whilst the requirements for the use of logic models will be proportionate to the scale of the intervention, it is viewed that all schemes will benefit from this approach as through review their will be learning through delivery of what the project did relative what it was designed to achieve.

- **Communicating and synthesising the learning from project evaluation** – the strategy places a greater focus on synthesising consistent messages from project learning across all project types – with these insights flowing directly from the relationships set out in the project logic model. Greater emphasis is placed on the structured communication of the outputs from project closure reports through learning and dissemination events and the project closure reports will be designed to shape this messaging.
- **Understanding the wider benefits flowing from our funding programmes** – the strategy more clearly defines the relationship between project monitoring, benefits realisation and the net additionality achieved across the wider City Region geography. The updated strategy in this theme consolidates and aligns with the ‘Independent Evaluation of Local Growth Interventions’ currently being conducted by MHCLG.

### 8.3 Five Year gateway reviews

As part of the Leeds City Region Growth Deal agreement, the West Yorkshire plus Transport Fund is subject to five-yearly gateway reviews to assess impact. The first review in 2019 has been passed successfully and funding confirmed until 2024/25. The next review will be undertaken in 2024.

The devolution deal and the Single Investment Fund (SIF) also requires an independent panel to assess investments’ impact on economic growth at five-yearly Gateway Reviews. This additional evaluation provides a further incentive to encourage appropriate project appraisal, assurance and value for money processes.

## 9 Appendices

### Appendix 1 – Mayoral Functions.

The following functions are the responsibility of the Mayor:

- a) Transport
  - (i) Power to draw up a local transport plan and strategies (although the Combined Authority may amend these).
  - (ii) Power to request local regulations requiring large fuel retailers to provide Electric Vehicle charging points.
  - (iii) Bus franchising powers.
  - (iv) Ability to pay grants to operators.
- b) Housing and regeneration
  - (v) Land acquisition powers to support housing, regeneration infrastructure and community development and wellbeing subject to consent from specified Combined Authority members.
  - (vi) Power to designate a Mayoral Development Area and then set up a Mayoral Development Corporation subject to consent from specified Combined Authority members.
- c) Finance
  - (vii) Setting a precept on council tax to fund Mayoral Functions.
  - (viii) Power to charge business rate supplement (subject to ballot).

## Appendix 2 – Accountable Body Arrangements

### Agreement between the Leeds City Region Enterprise Partnership and the West Yorkshire Combined Authority

#### 1. Introduction

The LEP is a strategic body responsible for driving inclusive growth, increase prosperity and improve productivity (“LEP activity”). The LEP works collaboratively and in partnership with the West Yorkshire Combined Authority, as its accountable body (“the Accountable Body”).

#### 2. Accountable Body roles and responsibilities

Underpinning good governance is an expectation of mutual support between the LEP and the Accountable Body. The Accountable Body is responsible for:

- Carrying out **finance functions** on behalf of the LEP.
- **Oversight** of the LEP’s financial and governance, transparency and accountability arrangements.
- Providing **additional support** as agreed by the LEP.

The LEP has agreed that the Accountable Body’s specific roles and responsibilities are:

##### **a) Finance functions**

On behalf of the LEP, the Combined Authority holds, allocates and releases all funding for LEP activity (“LEP funding).

This includes approving and entering into agreements relating to LEP funding. The Accountable Body does not use any LEP funding for their own purposes, nor without a clear mandate from the LEP.

The Section 73 Chief Finance Officer shall ensure that appropriate financial statements are provided to the LEP in a timely manner; a separate financial statement for LEP funding is published each financial year.

The Accountable Body is responsible for treasury management and borrowing functions relating to LEP activity and funding.

LEP funding is included in the Accountable Body’s accounts, and the LEP’s web-site links to the Accountable Body’s accounts.

##### **b) Oversight functions**

The Accountable Body has oversight of the LEP’s financial and wider governance, transparency and accountability arrangements, including compliance with the Assurance Framework. The Accountable Body through its Section 73 Chief Finance

Officer ensures that LEP funding is administered properly, that is, that LEP funding is spent or released:

- In accordance with formal approvals only, and not for unapproved purposes<sup>18</sup>.
- With propriety and regularity and to deliver value for money.
- Subject to the statutory checks and balances which require the Accountable Body to act prudently in spending.
- In accordance with the Assurance Framework and any other relevant procedure.
- In compliance with any grant requirements and conditions.

The Accountable Body ensures that decisions on LEP funding are:

- Reached in line with clear and transparent processes.
- Made on merit.
- Taken in accordance with the Assurance Framework.
- Compliant with all legal requirements including relating to State Aid, public procurement, transparency, data protection and the public sector equality duty.

The Accountable Body also promotes the highest standard of conduct by the LEP, LEP Board members and officers, by reference to the seven principles of public life.

### Scrutiny

The Combined Authority's statutory Overview and Scrutiny Committees have a key role in securing independent and external scrutiny of LEP activities. The Committees' terms of reference reflect that the Committee may make reports or recommendations on any matter considered by the LEP or relating to LEP governance. The Committees may also review or scrutinise any decision made, or other action taken, in connection with any function of the Combined Authority, including in relation to its role as Accountable Body.

The LEP recognises the role of the Combined Authority's statutory Scrutiny Officer in facilitating the Overview and Scrutiny Committees to carry out appropriate scrutiny of LEP Board decision-making and LEP achievements.

The LEP agrees to respond positively to any request to share information with the Committees, so that the Committees have the necessary information to provide robust scrutiny and advice. Any member of the LEP Board, including any private sector representative, may be asked to attend or otherwise contribute to a meeting of any of the Committees.

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<sup>18</sup> Including the services of lobbyists

The contribution of the LEP to any meeting of the Overview and Scrutiny Committees will be recorded with the outcome in the minutes (published on the Combined Authority's website). The LEP will ensure that there is a link from the LEP website to the Overview and Scrutiny Committees' published reports and minutes.

### Audit

To ensure they have proper processes in place to manage risk, maintain an effective control environment and report on financial and non-financial performance, the LEP utilises the Accountable Body's Governance and Audit Committee, and its internal and external auditors to provide assurances in relation to LEP activities, as well as the Section 73 Chief Finance Officer.

The LEP and the Accountable Body (through its Governance and Audit Committee) will agree a risk based internal audit plan for each financial year of LEP and Combined Authority activities, that will provide assurance to the Section 73 Chief Finance Officer and the LEP Board at appropriate points through the financial year.

### **c) Support functions**

The Accountable Body acts as the independent secretariat to the LEP<sup>19</sup>, providing the following technical and other support:

- Compiling, maintaining and publishing agenda, reports and minutes of meetings in accordance with agreed procedures.
- Retaining all documentation relating to the Local Growth Fund and other funding sources.
- Dealing with any request for information, complaint or concern raised in accordance with the appropriate procedure.
- Appraisal functions as set out in the Assurance Framework.
- Legal advice.
- Recovering funding where there has been non-compliance, misrepresentation or under-performance<sup>20</sup>.
- Risk management.

## **3. Section 73 Chief Finance Officer - Resources**

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<sup>19</sup> The Combined Authority is not a constituent member of the LEP, although the Mayor is on the LEP Board. Local Authority representatives are appointed in their capacity as district councillors, not members of the Combined Authority.

<sup>20</sup> The Accountable Body will report to the LEP Board providing information on schemes which have received funding, including

- a description of schemes where concerns have been identified,
- relevant details including the amount of funding awarded and the sum at risk due to concerns, and
- where recovery of funds is considered, a legal opinion which sets out the legal basis for recover and likelihood of success

The Accountable Body will ensure that the Section 73 Chief Finance Officer is given appropriate resources to carry out their functions in respect of the LEP, including audit. The LEP and the Accountable Body shall keep resource needs under review and consider if they are appropriately met.

#### **4. Non-compliance by the LEP**

Any decision of the LEP made in contravention of processes set out in the Assurance Framework will be invalid on the basis of non-compliance, unless the LEP has given prior approval for variation in respect of the LEP's decision-making process.

In the event that the Accountable Body is not able to endorse any decision of the LEP, the Section 73 Chief Finance Officer would refer the matter back to the LEP for re-consideration.

The LEP and the Accountable Body are committed to proactively raising with the Cities and Local Growth Unit any significant instance of non-compliance, non-delivery or mismanagement by the LEP which cannot be resolved locally. Should any such instance arise, the Section 73 Chief Finance Officer will also report it to the LEP Board and to the Combined Authority's Governance and Audit Committee.

## Appendix 3 – Section 73 Chief Finance Officer – responsibility arrangements

### 1. Introduction

The Combined Authority must by law<sup>21</sup> make arrangements for the proper administration of its financial affairs and secure that one of its officers has responsibility for the administration of those affairs. This role is carried out by the Combined Authority's Director of Corporate Services and extends to include the financial affairs of the LEP.

The Chair of the LEP and the LEP's Chief Executive Officer have agreed the following responsibility arrangements with the Section 73 Chief Finance Officer of the West Yorkshire Combined Authority (the Combined Authority), recognising the role of the Section 73 Chief Finance Officer in relation to instilling good and proportionate LEP governance, including the oversight of the proper administration of the LEP's financial affairs.

### 2. Financial administration

The Section 73 Chief Finance Officer shall be supported by the LEP and the Combined Authority (in its capacity as accountable body for the LEP) to carry out such checks as are necessary to independently ensure the proper administration of financial affairs in the LEP.

The LEP shall act promptly working with the Combined Authority to address any concerns or improper financial administration identified. The Section 73 Chief Finance Officer will report all concerns to the LEP's Chief Executive Officer in the first instance, making recommendations about any improvements required. The LEP is responsible for ensuring that all concerns are addressed.

The Chief Finance Officer will report any significant concerns directly to the LEP Board, setting out any improvements required. The LEP Board and the Section 73 Chief Finance Officer shall agree an action plan setting out how such concerns are to be addressed. This may include identifying training needs to ensure compliance. There will be a standing item on the LEP Board agenda reporting on progress on implementing the action plan, until the Section 73 Chief Finance Officer is satisfied that the issue has been resolved.

The Section 73 Chief Finance Officer will notify the Cities and Local Government Unit of any significant concern where:

- The concern is about systemic financial problems, repeated non-compliance or fraud, or
- An action plan cannot be agreed, or
- In the opinion of the Chief Finance Officer, the LEP Board does not achieve sufficient progress against the action plan.

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<sup>21</sup> Section 73 of the Local Government Act 1985

### **3. Advice of the Section 73 Chief Finance Officer**

The Section 73 Chief Finance Officer shall work with the Chair of the LEP and the LEP's Chief Executive Officer to ensure that procedures are in place to consider the financial implications of decisions before and during the decision-making process.

The LEP shall ensure that the Section 73 Chief Finance Officer is given sufficient access to information in order to carry out their role. The Section 73 Chief Finance Officer or their nominee shall be entitled to:

- Attend all LEP Board agenda setting meetings.
- Have access to all LEP Board documentation (including LEP Board reports before publication).
- Comment on any proposed decisions, by:
  - Recording an opinion on financial implications and an assessment of risk (such as delivery risks and cost overrun risks) in any report to the LEP Board or relevant Panel, and / or
  - Attending and speaking at any meeting of the LEP Board<sup>22</sup> or relevant Panel.

Should the LEP Board decide on a course of action which goes against the advice of the Section 73 Chief Finance Officer, the LEP Board must indicate the rationale for their decision, which will be recorded in the minutes of the meeting. However, in the event that the Accountable Body is not able to endorse any decision of the LEP, the Section 73 Chief Finance Officer would refer the matter back to the LEP for re-consideration.

If the role of the Section 73 Chief Finance Officer results in a potential conflict of interest, impartial advice should be sought by the LEP's Chief Executive Officer to ensure transparency from a source which is external to the Combined Authority.

### **4. Risk management**

The LEP has agreed that the Combined Authority through the Section 73 Chief Finance Officer, manages risks on the LEP's behalf. The risk appetite of the LEP is understood by both the LEP Board and the Section 73 Chief Finance Officer. The Section 73 Chief Finance Officer ensures that the Combined Authority's risk management strategy addresses:

- Risks arising in relation to LEP activity.
- The process for the LEP Board to oversee risk and the escalation of risk analysis and risk management requirements within the LEP.

The LEP risk register can be found [here](#).

At the beginning of the financial year, the LEP and the Section 73 Chief Finance Officer will agree the budget risks facing the LEP. These will be kept under review

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<sup>22</sup> See further LEP Procedure Rules. The Section 73 Chief Finance Officer is not a member of the LEP Board and does not vote

by the Section 73 Chief Finance Officer throughout the year, who will report any significant issues to the LEP Board.

## **5. Audit**

The LEP and Combined Authority have agreed audit arrangements as set out in the Assurance Framework. The Section 73 Chief Finance Officer and the LEP's Chief Executive Officer shall report to the LEP Board on any completed audit by internal or external auditors where any recommendations relate to the LEP and provide a copy to the Cities and Local Growth Unit as appropriate.

## Appendix 4 – Governance arrangements

### West Yorkshire Combined Authority

#### Membership

The Combined Authority as a Mayoral Combined Authority comprises the following members:

- The Mayor,
- 5 elected members from each council in West Yorkshire (one appointed by each council),
- 3 additional elected members for political balance jointly appointed by the West Yorkshire councils,
- 1 elected member appointed by the City of York Council, and,
- 1 person nominated by the LEP (the LEP Member).

Of these, the elected member appointed by the City of York Council and the LEP Member are required by statute to be non-voting, except in so far as the Combined Authority gives them voting rights.

The Combined Authority's website [here](#) provide details of all current members of the Combined Authority.

Voting members on committees and panels include members from the private sector representatives and local authorities.

The Mayor appoints one of the members of the Combined Authority as a Deputy Mayor, who will act in place of the Mayor if for any reason the Mayor is unable to act or the office of Mayor is vacant.

#### Strategies

The Mayor is responsible for approving the local transport plan (subject to the Combined Authority's power to make amendments – see below) and may make other strategies in relation to the exercise of any Mayoral Function, in consultation with the Combined Authority.

The Combined Authority will approve any strategy in relation to Non-Mayoral Functions. Where a Non-Mayoral Function has been conferred on the Combined Authority further to the devolution deal, the approval of that strategy requires the support of the Mayor. The Combined Authority may also amend the Mayor's local transport plan if a majority of the members agree to do so.

The West Yorkshire Investment Strategy (WYIS) is approved by the Combined Authority and is subject to confirmation by the Mayor when in office.

#### Budgets

There are separate budgets for Mayoral Functions (the Mayor's budget) and Non-Mayoral Functions (the Combined Authority's budget).

The Mayor may raise money by precept and has the power, with the agreement of the Combined Authority and in consultation with the business community, to raise a Business Rate Supplement to fund infrastructure investment.

The Mayor's budget is subject to approval by the Combined Authority in accordance with statutory processes. These provide that the Combined Authority may:

- Approve the Mayor's draft budget, (default simple majority voting arrangement applies) or
- Veto the draft budget, and approve a budget incorporating the Combined Authority's recommendations by 5 / 8 majority of the members of the Combined Authority excluding the Mayor.

### **Investment decisions**

Decisions relating to progressing a scheme under the assurance process fall to the Combined Authority, (or a decision-making committee of the Combined Authority or officer as set out in the assurance pathway and approval route for the scheme). Any such decision by the Combined Authority which relates to exercising any Non-Mayoral Function which was conferred further to the devolution deal requires the support of the Mayor.

The Mayor also makes any decisions which relate to Mayoral Functions (or may delegate any such decisions as set out in this Assurance Framework).

### **Officers**

Combined Authority officers serve both the Combined Authority and the LEP. They are appointed on merit in accordance with open recruitment arrangements and new officers undergo a structured induction process.

The Combined Authority complies with statutory requirements in relation to publishing officer salaries on the website [here](#).

The authority of officers to act on behalf of the Combined Authority is set out in the officer delegation scheme [here](#).

## LEP Board

### Membership

At least two-thirds<sup>23</sup> of the members of the LEP Board<sup>24</sup> must be private sector representatives<sup>25</sup>.

The number of LEP Board members shall not exceed 20<sup>26</sup>, excluding any additional member co-opted to the LEP Board. A maximum of 5 co-optees with specialist knowledge may be appointed to the LEP Board.

The Mayor is a member of the LEP Board.

The LEP's Constitution [here](#) sets out requirements in relation to LEP Board membership, including eligibility criteria, appointment processes, terms of office (including arrangements for resignation), and provisions relating to the LEP's Chair and Deputy Chair.

The LEP website [here](#), and the Combined Authority's website [here](#) provide details of all current members of the LEP Board.

The LEP Board has adopted an Equality and Diversity Policy including Diversity Statement explaining how the LEP seeks to ensure diverse representation at LEP Board and on advisory Panels which is reflective of their local business community (including geographies and protected characteristics). This can be viewed [here](#).

The LEP Board annually reviews its membership having regard to its Diversity Statement, taking into account the skills, knowledge and competencies it needs, the geography of the City Region, its key business sectors and different sizes of business operation.

The LEP Board appoints its private sector representatives, including the Chair, in accordance with open recruitment processes which are set out in the LEP recruitment procedure (which also covers engagement with the business community in relation to the appointment of the LEP Chair, succession planning and induction arrangements for private sector representatives) which can be found [here](#).

One LEP Board member is appointed to represent and engage with the SME business community, and another as Diversity Champion.

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<sup>23</sup> To comply with this requirement of the National Local Growth Assurance Framework and Strengthened Local Enterprise Partnerships report (2018), new members were appointed to sit on the LEP Board on 25 February 2020, with effect of 31 March 2020.

<sup>24</sup> Any co-optee appointed to the LEP Board is to not be considered as a member of the LEP Board for the purpose of this requirement

<sup>25</sup> A private sector representative must be or have been employed by an organisation not included as central Government, local Government or a public corporate as defined for the UK National Accounts. Those from Higher Education or Further Education Institutions are not classified as public sector organisations.

<sup>26</sup> This requirement is met as a result of the decision made by the LEP Board with regards to the LEP Board membership on 25 February 2020, with effect of 31 March 2020.

The LEP has adopted a LEP Board Members' Remuneration and Expenses scheme which can be found [here](#).

## Appendix 5 – Economic Services: approval arrangements

The Managing Director has delegated authority to award an Economic Services grant to a company or other legal entity<sup>27</sup> (“Business”) under any programme or scheme approved under the Leeds City Region Assurance Framework.

In accordance with the Conflicts of Interest Protocol, where any potential conflict arises from the involvement with a Business of any person on the LEP or any relevant committee, an application must be determined by the Managing Director, the Combined Authority or relevant committee.

A grant may only be awarded

- Where the application meets the eligibility and / or assessment criteria for the programme or scheme.

The **Advisory Groups** are set out in Table 2 below.

**Table 2**

Programme	Advisory Group	Membership	Thresholds
Business Growth Programme	Appraisal Advisory Group	Officers from the Combined Authority; officers from partner councils; Business Enterprise Fund	Considers any application for a grant over £50k and not exceeding £100k
Digital Investment Funds	Digital Investment Fund Appraisal Group	Officers from the Combined Authority	Considers any application for #Welcome and #Grow for a grant over £25k and not exceeding £50k

<sup>27</sup> Including a social enterprise, trust, partnership or sole trader.

## Appendix 6 – Assurance process principles for ESIF Sustainable Urban Development (SUD) purposes

### Purpose

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

The Leeds City Region Sustainable Urban Development (SUD) Strategy, which aims to address integrated urban challenges and opportunities in the region, was submitted to the Ministry of Housing, Communities and Local Government (MHCLG), now the Department for Levelling Up, Housing and Communities (DLUHC) back in September 2015 and was formally agreed.

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

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

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

This appendix presents the Leeds City Region assurance process as the model and framework that the Combined Authority has adopted in assisting in the selection of schemes as part of the ESIF programme 2014-2020 for SUD.

### Background

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

## **Introduction to selection of schemes using the Assurance Process principles**

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

The Finance, Resources and Corporate Committee provides advice to the Combined Authority in line with the nationally agreed criteria and in line with the agreed and signed Memorandum of Understanding between the Combined Authority and DLUHC.

The Finance, Resources and Corporate Committee provides advice to the Combined Authority to whether proposals set out at Outline and subsequently Full Application appropriately address:

**Local strategic fit** as defined in the Selection Criteria<sup>28</sup> for the ERDF 2014-2020 programme, which includes how:

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

In addition, the Combined Authority provides advice to DLUHC on the following value for money and deliverability selection criteria:

### **Value for money**

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

### **Deliverability**

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

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<sup>28</sup> Selection Criteria [here](#)

## Using the assurance process principles

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

The five cases are:

- (i) **Strategic**: does the scheme fit with the aims of the City Region's Strategic Economic Plan? **(Used for selection of schemes for SUD as part of the ESIF Strategy)**
- (ii) **Economic**: is the scheme value for money? **(Used for selection of schemes for SUD as part of the ESIF Strategy)**
- (iii) **Commercial**: is there demand for the scheme and is it commercially viable?
- (iv) **Financial**: is the scheme affordable and sustainable?
- (v) **Management**: is the scheme deliverable with achievable objectives? **(Used for providing advice on the selection of schemes for SUD as part of the ESIF Strategy)**

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

The assurance process has been developed in line with these principles and was a key requirement that emerged from the LEP's City-Deal. The assurance process will be used by the LEP and the Combined Authority for all of its different funding regimes, providing a consistent and robust approach to appraise schemes. This means all schemes, irrespective of objectives or thematic area (transport, regeneration, housing, skills, innovation, enterprise etc.), will be assessed under this 'single' framework. This will better able the LEP and the Combined Authority to compare and prioritise schemes and programmes.

It is the assurance process which is used to form the basis for the 'local' appraisal and selection of SUD ESIF schemes outside the formal DLUHC assessment. For the purposes of selecting SUD ERDF schemes, the key principles of the assurance process are used – but only using cases 1, 2 and for advice case 3 as described above and in line with the nationally agreed criteria and the agreed and signed Memorandum of Understanding between the Combined Authority and DLUHC.

## Strategic Fit – Proposed scope

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

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

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

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

### **Value for Money (VfM) – Economic impact – proposed scope**

In assessing the value for money of each of the schemes, the process effectively mirrors that of the assurance process - ensuring that the costs and benefits of schemes are taken into account and wherever possible quantified. This is more straightforward for some schemes than others and there is an onus on reflecting local intelligence and priorities. New jobs and catalytic schemes are 'worth' more in some areas than others simply because there are fewer jobs or because it is more difficult to create and sustain jobs in certain locations. This is especially the case where disadvantage is long-term and entrenched.

The Research and Intelligence team own and manage the Regional Econometric Model, a complex tool that enables scenarios to be assessed in terms of their net economic impact. This provides a range of outputs with a focus on impacts in terms of employment and gross value added (a measure of economic impact). These outputs can be calculated over a range of different geographies. Other approaches are used to quantify the outputs / outcomes that by their nature have a direct impact that is more social rather than economic.

In terms of the local assessment, additional measures of value for money are being used where necessary to provide more information on the potential impact of schemes. Such measures and ratios include:

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

The appraisal is informed and supported by national and local research in terms of the costs of outputs and outcomes. This includes elements such as guidance issued by OFFPAT, evaluations of RDA activity and more recent, evidence emerging from

the What Works Centre for Local Economic Growth and bespoke evaluations such as that carried out on the Combined Authority's Business Growth Programme (BGP).

### **Undertaking the work**

The responsibility of the Assurance Process is the responsibility of the Director of Delivery, to whom a Head of Portfolio Management and Appraisal (PMA) reports.

The Head of PMA commissions the Head of Research and Intelligence (under the Director of Strategy, Communications and Policing), to undertake the appraisal work on local strategic fit and economic - value for money (VfM). The appropriate policy lead will also support the approach, under the supervision of the Head of Research and Intelligence, to provide the advice that is considered and discussed by the relevant thematic committee. This in turn, leads to recommendations to the Combined Authority to make decisions on the selection of operations.

### **Reporting**

The results from the appraisal are presented in a summary assessment report, provided by DLUHC, alongside DLUHC's own formal technical assessment. This provides an insight into the strengths and weaknesses, bringing together the metrics and other qualitative and quantitative information.

## Appendix 7 – Adult Education Budget

Devolution of the Adult Education Budget (AEB) is a shift from current centrally coordinated arrangements and will allow for local decisions to be taken to deliver learning opportunities aligned with the needs of individuals and employers across West Yorkshire.

Taking on these devolved powers is clearly a significant opportunity for the region. Currently around 90% of the funding is delivered without Local Authorities and the Combined Authority having a formal influence over AEB planning, and with no consequence to funding allocations if delivery does not meet local needs or align to our collective strategies.

Our devolved AEB Strategy proposes close working between Local Authorities and the Combined Authority to oversee provider delivery plans and performance, increasing the scrutiny on delivery and focussing on impact for our communities.

The Combined Authority is the accountable body in terms of assurance for AEB funding.

The table below sets out the decision-making in relation to policy, funding and contract allocation for AEB functions.

### Decision-making: Policy, funding, and contract allocations

Decision	Decision-maker	Rationale
To approve or vary the AEB Strategy as required.	Combined Authority	The Strategy governs funding principles and will be revised in line with governance and assurance processes.  Conflicts of interest are managed under the Members' Conflicts of Interest policy.
To agree the governance arrangements for AEB functions	Combined Authority	The Combined Authority is responsible for agreeing how its functions, including AEB functions, are discharged.

Decision	Decision-maker	Rationale
To approve the Funding Rules and Performance Management Framework	Combined Authority	<p>The Rules and Framework set out clear parameters for contractual decisions, which can appropriately and effectively be carried out by officers subject to strategic direction from the Combined Authority, avoiding the need for frequent referral of operational decisions to the Combined Authority.</p> <p>Variations and urgent amendments will be delegated to the Managing Director.</p>
To reallocate budget in response to underperformance / over performance outside performance management framework.	Combined Authority	<p>Decision on strategic funding usage.</p> <p>The Employment and Skills Panel may make recommendations to the Combined Authority on any such decision.</p> <p>Approval of financial values removes any conflict of interest claims, while ensuring clear methodology has been followed which aligns to strategy.</p>
To make interim changes to the policy and / or AEB Strategy in response to emerging economic needs, crisis responsiveness or similar.	Combined Authority	<p>Decision on strategic funding usage.</p> <p>The Employment and Skills Panel may make recommendations to the Combined Authority on any such decision.</p>
<p>To determine Grant Agreement Allocations &amp; Procurement values - <b>annually agreed in March (once West Yorkshire AEB allocation confirmed)</b></p> <ul style="list-style-type: none"> <li>•</li> </ul>	Managing Director	<p>Grant allocation amounts will be determined in accordance the methodology outlined in the AEB Strategy as approved by the Combined Authority.</p> <p>Approval of top line procurement values by the Managing Director while ensuring clear methodology has been followed which aligns to the Strategy.</p>

<b>Decision</b>	<b>Decision-maker</b>	<b>Rationale</b>
To agree contracts for Services awarded through procurement and in March annually based on performance management framework.	> £1m – Managing Director  < £1m – Director of Economic Services	In accordance with the AEB Strategy, Combined Authority Procurement Strategy, Funding Rules, Performance Management Framework, and Contracts Standing Orders
New procurement rounds: <ul style="list-style-type: none"> <li>Planned responsiveness pot</li> <li>Refresh after 4 years</li> </ul> Bringing on new providers in light of provider base failure	> £1m – Managing Director  < £1m – Director of Economic Services  Advised by AEB Performance Group and ESP	In accordance with the AEB Strategy, as approved by the Combined Authority.  ESP may make recommendations to the Combined Authority on any such decision.  Conflicts of interest are managed under the Members' Conflicts of Interest policy.
To approve or vary the AEB Procurement Strategy	Sub delegated from the Managing Director to the Director of Employment & Skills / Head of Employment and Skills	In accordance with the AEB Strategy and with the Combined Authority's Procurement Strategy
To approve overperformance and contract Growth requests	Sub delegated from the Managing Director to the Director of Employment & Skills / Head of Employment and Skills	In accordance with the mechanism set out in the Performance Management Framework, as approved by the Combined Authority.  Technical expertise and performance data available at AEB Performance Group level.
Underperformance and contract reduction / termination	Sub delegated from the Managing Director to the Director of Employment & Skills / Head of Employment and Skills	Clear mechanism will be outlined in Funding Agreements, Performance Management Framework, which will be approved by the Combined Authority ahead of implementation.  Technical expertise and performance data available through the AEB Performance Group.

<b>Decision</b>	<b>Decision-maker</b>	<b>Rationale</b>
To approve Funding clawback	Sub delegated from the Managing Director to the Director of Employment & Skills / Head of Employment and Skills	<p>Clear mechanism will be outlined in Funding Agreements, Performance Management Framework which will be approved by the Combined Authority, along with Audit plans.</p> <p>Technical expertise and performance data available at AEB Performance Group level.</p>
<p>To agree Delivery plans</p> <p>Agreed annually with providers</p> <p>Variation approval based on performance and / or responsiveness</p>	Sub delegated from the Managing Director to the Director of Employment & Skills / Head of Employment and Skills	<p>Expertise regarding technical delivery and alignment to strategy available from the AEB Performance Group.</p> <p>Will deliver strategic aims as set by the Combined Authority.</p> <p>Employment and Skills Panel will be informed of any decisions, in line with Conflicts of Interest policy.</p>
<p>To add subcontractors to delivery plans within year upon request</p> <p>Annually</p>	Sub delegated from the Managing Director to the Director of Employment & Skills / Head of Employment and Skills	<p>Expertise regarding due diligence and strategic appropriateness is available from the AEB Performance Group.</p> <p>In accordance with the Funding Rules which outline strict requirements regarding subcontracting practice.</p> <p>Responsiveness required in year to ensure delivery timescales are met</p>

<b>Decision</b>	<b>Decision-maker</b>	<b>Rationale</b>
<p>To approve subcontracting where not already approved under current ESFA regulations.</p> <p>ESFA guidance available <a href="#">here</a>.</p>	<p>Sub delegated from the Managing Director to the Director of Employment &amp; Skills / Head of Employment and Skills</p>	<p>Expertise regarding due diligence and strategic appropriateness available from the AEB Performance Group.</p> <p>Funding rules outline requirements regarding subcontracting practice.</p> <p>Responsiveness required in year to ensure delivery timescales are met.</p>
<p>To make minor technical or process driven amendments to the Funding Rules in line with strategic direction set by the Combined Authority.</p>	<p>Sub delegated from the Managing Director to the Director of Employment &amp; Skills / Head of Employment and Skills</p>	<p>Any amendments must remain in accordance with the AEB Strategy, as approved by the Combined Authority.</p> <p>Swift decisions needed to minimise any impact of responsiveness on delivery – decisions are predominantly technical, and process driven.</p>

## 10 GLOSSARY

<b>ASR</b>	<p><b>Appraisal Specification Report:</b></p> <p>A report produced by the scheme promoter, in conjunction with the West Yorkshire Combined Authority, setting out the agreed approach to appraisal of the scheme, as part of the assurance process.</p>
<b>AST</b>	<p><b>Appraisal Summary Table:</b></p> <p>A summary of the key consequences relating to the environmental, economic and social impacts of schemes. They are used to help determine which schemes should proceed and if they do, to decide which options to choose.</p>
<b>BCG</b>	<p><b>Business Communications Group:</b></p> <p>A group of people made up of key representatives from organisations in the City Region. They support business growth and act as an advisory group to the LEP Board.</p>
<b>BCR</b>	<p><b>Benefit Cost Ratio:</b></p> <p>An indicator used in cost-benefit analysis that attempts to summarise the overall value for money of a project or proposal.</p>
<b>BEIS</b>	<p><b>Business, Energy and Industrial Strategy:</b></p> <p>A ministerial department supported by 41 agencies and public bodies. It brings together responsibilities for business, industrial strategy, science, research and innovation, energy and clean growth, and climate change.</p>
<b>BGP</b>	<p><b>Business Growth Programme:</b></p> <p>The department for Business, Energy &amp; Industrial Strategy set up grants for businesses that meet certain requirements. Businesses can apply to the Leeds City Region LEP to obtain these grants.</p>
<b>CBA</b>	<p><b>Cost Benefit Analysis:</b></p> <p>A systematic approach to estimating the strengths, weaknesses and alternatives for a decision to be made. It involves adding up the benefits of a course of action and then comparing these with the costs associated with it.</p>
<b>CSF</b>	<p><b>Critical Success Factors:</b></p> <p>A management term for an element that is necessary for an organisation or project to achieve its goals.</p>
<b>DfT</b>	<p><b>Department for Transport:</b></p> <p>A ministerial department supported by 23 agencies and public bodies. They work with agencies and partners to support the transport network and plan and invest in transport infrastructure.</p>

<b>ERDF</b>	<p><b>European Regional Development Fund:</b></p> <p>Aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions. The ERDF focuses its investments on several key priority areas and is designed to reduce economic, environmental and social problems in urban areas.</p>
<b>ESIF</b>	<p><b>European Structural and Investment Funds:</b></p> <p>Includes money from the European Social Fund, European Regional Development Fund and European Agricultural Fund for Rural Development.</p>
<b>EU</b>	<p><b>European Union:</b></p> <p>An association of European nations formed in 1993 for the purpose of achieving political and economic integration. Incorporating the European Community, the European Union's member states are Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom. In 2016 the United Kingdom voted by referendum to withdraw from membership in the European Union.</p>
<b>EZ</b>	<p><b>Enterprise Zone:</b></p> <p>An area in which state incentives such as tax concessions and infrastructure incentives are offered to encourage business investment. There are 24 enterprise zones in England.</p>
<b>FBC</b>	<p><b>Full Business Case:</b></p> <p>Provides the detail of the preferred solution for a project or programme. It confirms the benefit, cost and risk of delivering the preferred solution. FBC+ represents a full business case with finalised costs.</p>
<b>GPF</b>	<p><b>Growing Places Fund:</b></p> <p>Funding from the Ministry of Housing, Communities and Local Government that supports key infrastructure schemes designed to unlock wider economic growth, create jobs and build houses in England. This fund comprises of £730 million.</p>
<b>GVA</b>	<p><b>Gross Value Added:</b></p> <p>Measures the contribution made to the economy and is a key indicator of the state of the whole economy. It measures the value of goods and services produced in an area.</p>
<b>Green Book</b>	<p>HM Treasury guidance for public sector bodies on how to appraise proposals before committing funds to a policy, programme or project.</p>
<b>HE</b>	<p><b>Homes England:</b></p> <p>Formerly known as Homes and Communities Agency. An executive non-departmental public body that is sponsored by the Ministry of Housing, Communities and Local Government. HE helps create successful communities by making more homes and business premises available to the residents and businesses who need them.</p>

<b>HMT</b>	<b>Her Majesty's Treasury:</b> The Government's economic and finance ministry, maintaining control over public spending, setting the direction of the UK's economic policy and working to achieve strong and sustainable economic growth.
<b>LCR</b>	<b>Leeds City Region:</b> A functional region around Leeds, West Yorkshire.
<b>LEP</b>	<b>Local Enterprise Partnership:</b> Locally-owned voluntary partnerships between local authorities and Businesses. Set up in 2011, they play a central role in deciding local economic priorities and undertaking activities to drive economic growth and create local jobs.
<b>LGf</b>	<b>Local Growth Fund:</b> Growth Deal funding provided to Local Enterprise Partnerships for schemes that benefit the local area and economy.
<b>LIS</b>	<b>Local Industrial Strategy:</b> Led by Mayoral Combined Authorities or Local Enterprise Partnerships, to promote the coordination of local economic policy and national funding streams and establish new ways of working between national and local Government, and the public and private sectors.
<b>LVU</b>	<b>Land Value Uplift</b> This is quantification of the net benefits of a scheme proposal. This measures the difference of value from the land's current use to when it is used for another purpose as an economic uplift and captures all private sector costs of development.
<b>MCA</b>	<b>Mayoral Combined Authority:</b> A combined authority with a mayor that is elected by the residents of the area. The mayor, in partnership with the combined authority, exercises the powers and functions devolved from Government, set out in the local area's devolution deal.
<b>MD</b>	<b>Managing Director:</b> The person who is in overall charge of the running of an organisation or business. The Managing Director of the Combined Authority is also the Chief Executive Officer of the LEP.
<b>MHCLG</b>	<b>Ministry of Housing, Communities and Local Government:</b> Formerly known as Department for Communities and Local Government (DCLG). A ministerial department supported by 13 agencies and public bodies. They create great places to live and work, and to give more power to local people to shape what happens in their area.
<b>NPV</b>	<b>Net Present Value:</b> The difference between the present value of the future cash flows from an investment and the amount of investment. NPV is used to analyse the profitability of a projected programme or project.
<b>Nolan Principles</b>	The seven principles of public life, which are the basis of the ethical standards expected of public office holders.

<b>OBC</b>	<b>Outline Business Case:</b> This sets out the preliminary information regarding a proposed project / programme. It contains information needed to help make a decision regarding the implementation of the project / programme such as envisaged outcomes, benefits and potential risks associated.
<b>Orange Book</b>	HM Treasury guidance for public sector bodies on risk management.
<b>PAT</b>	<b>Programme Appraisal Team:</b> A team formed to ensure compliance with the assurance framework. It is a formal group of West Yorkshire Combined Authority officers who oversee the assurance process.
<b>PCR</b>	<b>Project Closure Report:</b> The final document produced for the project and is used by senior management to assess the success of the project, identify best practice for future schemes, resolve all open issues and formally close the project.
<b>PIMS</b>	<b>Portfolio Information Management System:</b> A bespoke management system used to provide transparency, consistency, efficiency and focus on delivery.
<b>PMA</b>	<b>Portfolio Management and Appraisal Team:</b> A team formed to ensure a rigorous approach to the assurance process, including the appraisal of schemes and monitoring and reporting on our portfolio, so we get the best schemes for our money
<b>QRA</b>	<b>Quantified Risk Assessment:</b> A structured approach to identifying and understanding the risks associated with hazardous activities. The assessment takes inventory of potential hazards, their likelihood and consequences.
<b>RAG</b>	<b>Red, Amber and Green rating:</b> Also known as the traffic light system and used as a visual cue to project performance.
<b>REM</b>	<b>Regional Econometric Model:</b> Incorporates aspects of four major modelling approaches; Input - Output, General Equilibrium, Econometric, and Economic Geography. It estimates the changes in total regional income and employment.
<b>SA</b>	<b>Strategic Assessment:</b> This determines the strategic context for a programme / project and provides an early opportunity for key stakeholders to influence the direction, scope and scheme content.
<b>SEP</b>	<b>Strategic Economic Plan:</b> A long-term plan that shows how the LEP and Local Authorities will grow the economy and how its ambitions will be achieved. The SEP will be replaced by SEF during 2020.
<b>SEF</b>	<b>Strategic Economic Framework:</b> An agile, long-term strategic framework, incorporating both the new Local Industrial Strategy (LIS) as well as a full range of policies and strategies, reflecting the scale of our ambitions and priorities for the City Region.

<b>SME</b>	<p><b>Small and Medium Enterprises:</b></p> <p>A company is defined as an SME if it has a staff headcount of either &lt;50 (small) or &lt;250 (medium sized). The company also needs to have a turnover or balance sheet total of ≤€10m (small) or ≤€50m (turnover) or ≤€43m (balance sheet) (medium).</p>
<b>SOC</b>	<p><b>Strategic Outline Case (SOC)</b></p> <p>The purpose of the SOC is to confirm the strategic context for the project, to make the case for change and to determine 'the preferred way forward'</p>
<b>SUD</b>	<p><b>Sustainable Urban Development (part of the ESIF programme):</b></p> <p>Part of the European Structural and Investment Funds programme operating as an Integrated Territorial Investment Instrument, which demonstrates the value of place-based solutions in responding to social, environmental and economic challenges. The area to be covered by SUD is the City Region's urban core of West Yorkshire and York.</p>
<b>TfN</b>	<p><b>Transport for the North</b></p> <p>A statutory sub-national transport body, which is a partnership of public and private sector representatives working with <a href="#">central Government</a> and national transport bodies to develop and deliver strategic <a href="#">transport infrastructure</a> across the <a href="#">North of England</a>.</p>
<b>UDM</b>	<p><b>Urban Dynamic Model:</b></p> <p>A simulation of how transport interacts with population, employment and land-use over long periods of time, typically ten years or more. It helps understand how transport could contribute to economic regeneration.</p>
<b>VfM</b>	<p><b>Value for Money:</b></p> <p>The most advantageous combination of cost, quality and sustainability to meet customer requirements.</p>
<b>TAG</b>	<p><b>Web-based Transport Appraisal Guidance:</b></p> <p>Guidance on the conduct of transport studies. It provides advice on how to set objectives and identify problems, develop potential solutions, create a transport model for the appraisal of the alternative solutions and how to conduct an appraisal which meets the department's requirements.</p>
<b>West Yorkshire Transport Levy</b>	<p>An annual levy on the West Yorkshire authorities, which is used to invest in priority schemes / programmes across West Yorkshire, helping to deliver a number of key transport priorities.</p>