



# MetroWest+

## Portishead Branch Line (MetroWest Phase 1)

TR040011

Applicant: North Somerset District Council

### 4.2 Funding Statement

The Infrastructure Planning (Applications: Prescribed Forms and Procedure)  
Regulations 2009, regulation 5(2)(h)  
Planning Act 2008

Author: North Somerset District Council

Date: November 2019



## **Document Purpose**

This document evidences how funding for the DCO Scheme (and the wider MetroWest Phase 1 project) has been secured.

## **Funding Statement**

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Document Reference	4.2
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## **Funding Statement**

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## 1. Introduction and Summary

- 1.1 This Funding Statement accompanies an application for development consent (the **Application**) by North Somerset District Council (referred to in this document as the **Applicant**) to construct the Portishead Branch Line Railway as part of the MetroWest Phase 1 proposals (**MetroWest Phase 1**). The works for which development consent is sought in the draft Order is referred to in this document as the **DCO Scheme**. This statement explains the current and future funding position for MetroWest Phase 1 as required by Regulation 5(2)(h) of the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009.
- 1.2 This statement also explains the background to and sources of funding for MetroWest Phase 1 and explains why the Applicant is satisfied that funding will be available to:
- meet all liabilities for land assembly; and
  - allow the DCO Scheme (and the wider MetroWest Phase 1 scheme) to be constructed

as required by paragraphs 9, 17 and 18 of the Guidance entitled "Planning Act 2008: Procedures for the compulsory acquisition of land", dated 3 September 2013 (**CA Guidance**). In preparing this Statement the Applicant has had full regard to the CA Guidance. Consideration is also given to the tests for compulsory acquisition powers imposed by Section 122 of the Planning Act 2008.

- 1.3 The estimated capital out-turn cost of MetroWest Phase 1 as reported in the Outline Business Case (Document 8.4) in December 2017 was £116.4M. The principal part of that cost is the cost of the DCO Scheme.
- 1.4 The DCO Scheme entails 14km of railway works (of which 9km consists of works to existing operational railway) and two new stations.
- 1.5 The railway works for which development consent is sought are:
- 1.5.1 the construction of 5 km of railway between Portbury Dock Junction and Portishead on the currently dis-used track bed of the former Portishead Branch Line railway; and
  - 1.5.2 minor works to 9 km of existing operational freight line (almost exclusively single track) between Portbury Junction in Pill, and Ashton Junction in Bristol.
- 1.6 Outside of the DCO Scheme, the MetroWest Phase 1 project includes:
- 1.6.1 improvements to the railway between Parson Street and Bristol Temple Meads, of approximately 1.5 km of re-laid or renewed track; and
  - 1.6.2 approximately ½ km of work to the railway at Bathampton, east of Bath, to provide new turnback facility.
- 1.7 Development Consent is also sought for associated development as part of the DCO Scheme, including highway works at Portishead and compounds for maintenance purposes along the branch line. In addition, new stations are proposed at Portishead and Pill.
- 1.8 The DCO Scheme has been subject to an Environmental Impact Assessment and also requires Habitats Regulations Assessment due to its minor works within the Avon

Gorge, which is a designated Site of Special Scientific Interest and Special Area of Conservation.

## **2. The DCO Scheme**

- 2.1 MetroWest Phase 1 was mobilised in 2013, building on the previous Portishead re-opening proposal that was developed in 2010 to Stage 3 (option selection) of Network Rail Infrastructure Limited's (**NR**) Governance for Railway Investment Projects (**GRIP**) process, with the addition of enhancements to the local service for the Bath Spa to Bristol Line and the Severn Beach Line.
- 2.2 MetroWest Phase 1 proposes to provide an enhanced half hourly train service for the Bath Spa to Bristol Line and the Severn Beach Line and an hourly service for the re-opened Portishead Line.
- 2.3 The DCO Scheme comprises the works required for the restoration of passenger rail services between Portishead and Bristol. This principally comprises a new railway (on the existing disused trackbed) between Portishead and Pill, together with works required to make suitable for passenger services the existing operational freight railway between Pill and Ashton Junction in Bristol. Two new stations are proposed; Pill station situated on site of the former station on Station Road and a new Portishead station situated at Quays Avenue, Portishead. Highway works are proposed at Portishead together with other works such as maintenance compounds at points along the Portishead Branch Line.

## **3. The Cost of the DCO Scheme**

- 3.1 The total estimated capital out-turn cost of MetroWest Phase 1 is £116.4M. This includes the estimated cost of the DCO Scheme, the estimated cost of permitted development works to re-open the Portishead Line and the estimated cost of permitted development works on the Bath Spa to Bristol line at Bathampton.
- 3.2 The total estimated capital out-turn cost of the DCO Scheme and the cost of permitted development works to renew Parson Street Junction, to undertake works at the Liberty Lane Freight Depot and to partially reinstate the Down Relief Line at Bedminster (all the works required to re-open the Portishead Line for passenger trains) was assessed in the Outline Business Case as £112.1M.
- 3.3 A summary of the DCO Scheme estimated capital out-turn cost from the Outline Business Case is set out in Table 1.

**Table 1**

<b>Cost Description</b>	<b>Client Costs &amp; Non-Railway Works Estimated Costs</b>	<b>Railway Works estimated Costs</b>	<b>Cost of the DCO Scheme &amp; Permitted Development works to Re-open Portishead Line</b>	<b>Total Cost of MetroWest Phase 1</b>
Scheme Client Costs including scheme development costs, DCO consenting costs, land costs, highway works, environmental mitigation, risk & inflation allowance	£30.7M	--	£30.7M	£30.7M
Scheme railway works to upgrade the existing Portbury Freight Line and to rebuild the dis-used line between Portishead and Pill, including risk and inflation allowance	--	£81.4M	£81.4M	£81.4M
Scheme railway works other than works required to re-open the Portishead Line (Bathampton Turnback), including risk and inflation allowance	--	£4.3M	--	£4.3M
<b>Total Estimated Capital Out-turn</b>	<b>£30.7M</b>	<b>£85.7M</b>	<b>£112.1M</b>	<b>£116.4M</b>

#### 4. Funding the DCO Scheme

- 4.1 Funding for the current MetroWest Phase 1 budget including the DCO Scheme as assessed in the Outline Business Case, has been allocated. Further assessment of the budget will continue as the DCO Scheme proceeds through the consenting process and when the Full & Final Approval Business Case is produced, following the DCO decision by the Secretary of State. Draw down of funding will be subject to the standard technical and governance requirements of the co-funding partners. The MetroWest Phase 1 co-funding partners and funding sources are set out in Table 2 below:

**Table 2**

<b>Funding Source</b>	<b>Sum Secured</b>
Contributions by Bath & North East Somerset, Bristol City, North Somerset & South Gloucestershire Councils	£4,413,000
WoE Local Enterprise Partnership Local Growth Funding	£27,320,430
WoE Local Enterprise Partnership Economic Development Funding	£26,079,000
North Somerset Council contribution	£5,860,000
West of England Combined Authority contribution	£5,860,000
North Somerset Council additional contribution	£15,000,000
Department for Transport Contribution via Rail Network Enhancements Pipeline	£31,900,000
<b>Total funding allocated</b>	<b>£116,432,430</b>

- 4.2 Evidence supporting the funding allocations shown in Table 2 is attached in the appendices to this document.
- 4.2.1 Appendix 1 is a letter from the Applicant's Head of Finance (s151 officer), confirming that the £4,413,000 has been received, that £5,860,000 has been included within the Applicant's Medium Term Financial Plan and that the Applicant has underwritten a further £15,000,000.
- 4.2.2 Appendix 2 is a letter from the West of England Combined Authority (**WECA**) (which is the administering body for the West of England Local Enterprise Partnership (**WoE LEP**)) confirming allocation of: £27,320,430 Local Growth Funding (which has to be spent by March 2021); £26,079,000 Economic Development Funding (subject to business case processes which are explained below); and £5,860,000 from the WECA Investment Fund.
- 4.2.3 Appendix 3 is a letter from the Secretary of State confirming the allocation of £31,900,000, in April 2019.
- 4.3 The local co-funders: the four local councils, WoE LEP and WECA, have adopted the Department for Transport (DfT) technical process for the appraisal of major transport schemes, known as WebTAG. This means in order for a local transport scheme to be awarded local funding and DfT funding it must demonstrate that it has met the requirements of WebTAG at each business case stage. There are four business case stages as follows:
- Strategic Outline (Preliminary) Business Case
  - Outline Business Case
  - Full Business Case
  - Final Approval Business Case (for schemes over £5M, required by the WoE LEP)
- 4.4 The governance requirements for funding of local schemes is set out in the WoE LEP Local Growth Assurance Framework which is attached in Appendix 4. The focus of WebTAG is on economic appraisal to establish the value for money of the proposed intervention (proposed scheme), although it also includes technical requirements for the assessment of wider impacts, including social distributional impacts. The main way that value for money is expressed is through the scheme benefit to cost ratio (BCR). The DfT apply the value for money categories to scheme BCRs shown in the Table 3 below.

**Table 3**

VfM Category	Calculated BCR
Very high	BCR of 4 or above
High	BCR between 2 and 4
Medium	BCR between 1.5 and 2
Low	BCR between 1 and 1.5
Poor	BCR between 0 and 1
Very Poor	BCR of 0 or less



- 4.5 The purpose of the Strategic Outline (Preliminary) Business Case is to set out the feasibility of the scheme, based on initial options assessment, consultation and a basic level of design/technical outputs. This business case stage is typically used to demonstrate whether further funding should be allocated to develop the scheme design and progress formal processes, such as planning and environmental consents and land assembly.
- 4.6 The purpose of the Outline Business Case is to set out the scheme proposals in more detail. This includes completion of design milestones / technical approval such as 'Approval in Principle Design'. It also outlines the outcome of consultation with affected parties, statutory bodies and wider stakeholders and normally includes the early stages of formal processes. The Outline Business Case is typically used to secure funding for the delivery of the scheme (subject to the completion of a positive Full Business Case) and to support the delivery case of the scheme through formal processes.
- 4.7 The purpose of the Full Business Case is to demonstrate that the DCO Scheme has completed all technical process, has achieved all planning and environmental consents, and has completed land acquisition/ compulsory acquisition processes. The purpose of the Final Approval Business Case is to demonstrate that the DCO Scheme has received final tender prices for its construction. The Full Business Case and the Final Approval Business Case which may be combined into one business case will be submitted to funding decision makers to seek authorisation to release funding for the construction and implementation of the DCO Scheme. The funding decision makers will principally want to be satisfied that the DCO Scheme is deliverable, that the delivery cost of the DCO Scheme remains affordable and that the DCO Scheme continues to provide value for money.
- 4.8 The MetroWest Phase 1 Strategic Outline (Preliminary) Business Case was completed and endorsed in September 2014. This business case assessed 8 options and the BCRs ranged from 2.2 to 5.9, representing high to very high value for money. The MetroWest Phase 1 Strategic Outline Business Case was completed and endorsed in December 2017. The BCR was 3.6, representing high value for money. In April 2019 an addendum to the Outline Business Case was produced to assess changes that had been made to WebTAG since the completion of the business case in December 2017. The addendum also assessed the economic impact of an increase in the number of train sets required to operate the proposed train service, from five train sets to six train sets. The updated BCR for the DCO Scheme is 3.1, representing high value for money. The Full and Final Approval Business Case is scheduled to be completed in autumn 2021, following the DCO decision by the Secretary of State and completion of detailed design (GRIP Stage 5). Any additional funding requirements arising will be considered at that time.
- 4.9 As set out in Table 2 an allocation of £31.9M has been made by the DfT via the Rail Network Enhancements Pipeline (RNEP). The RNEP entails a framework based on five stages which utilises WebTAG and the business case stages as outlined above. Engagement with the DfT will continue through the RNEP framework process as the MetroWest Phase 1 project progresses the DCO and detailed design (GRIP Stage 5).
- 4.10 The MetroWest Phase 1 project is being promoted by the Applicant and WECA on behalf of the authorities across the West of England including; Bath & North East Somerset, Bristol City and South Gloucestershire Councils. The MetroWest Phase 1

project forms part of the wider MetroWest programme to deliver strategic enhancements to the local rail network over the next 10 years. The Applicant and WECA are both co-promoters of the project and each has a 50% share of the risks and liabilities of the MetroWest Phase 1 project.

4.11 The governance arrangements for the MetroWest Phase 1 project are summarised in the governance chart shown in Appendix 5. The funding decision makers comprise:

- WoE Joint Committee – which comprises the leaders of the four local councils and the mayor of WECA,
- WECA Committee,
- DfT Rail Executive, and
- The Applicant (NSDC Full Council).

## **5. Land Assembly, Compensation and Section 122 Planning Act 2008**

- 5.1 Land assembly is required for the DCO Scheme. Although the amount of permanent land required is relatively limited, there is a significant amount of land required temporarily for the construction works. Some permanent land rights are also required for accesses and for installing and maintaining protection apparatus such as soil nails.
- 5.2 The whole of the land forming the railway corridor required for the DCO Scheme is either owned by the Applicant (the part between Portishead and the former Portbury Station) or is already land owned by NR. Negotiations with land owners have been successful with purchases of land at Portishead and Pill. Negotiations continue with other land owners through the Applicant's agent Ardent Management Limited (**Ardent**). If agreement cannot be reached, then powers sought in the draft Order will be relied on and the interests in land will be acquired compulsorily.
- 5.3 The total estimated cost of land acquisition for the DCO Scheme is £3.461M which includes the cost of land already acquired by the Applicant and the estimated cost of compensation likely to be due as a result of the exercise of compulsory acquisition and temporary use powers, as well as claims under Part 1 of the Land Compensation Act 1973. This is evidenced in Appendix 6, being a letter from Ardent confirming the total property cost estimate for the DCO Scheme.
- 5.4 The land shown on the land plans is required for the DCO Scheme and a clear purpose for the proposed acquisition of the relevant interest in land has been established. A compelling case in the public interest exists for the acquisition of the land and new rights and for taking temporary possession powers.
- 5.5 Compulsory acquisition powers are the most appropriate way of progressing the DCO Scheme. In terms of the requirement to demonstrate a compelling case in the public interest:
- (A) funding for the DCO Scheme has been allocated;
- (B) there is a clear technical case for the delivery of the DCO Scheme, including justification for all the Order Lands (See Statement of Reasons Document 4.1);

- (C) the restoration of passenger train services between Portishead and Bristol provides substantial economic and environmental benefits to Portishead, Pill and the wider sub-region;
- (D) the DCO Scheme is part of a package of railway improvements being promoted by the West of England Councils and WECA; and
- (E) there are substantial socio-economic benefits across the demographic and particular advantages for mobility impaired people to have well designed modern rail facilities to allow them to make journeys between Portishead and Bristol.

- 5.6 As can be seen from section 4 of this Statement the Applicant can meet claims for land, rights, and Part 1 Claims as and when they fall due.
- 5.7 The Applicant is also satisfied that it has sufficient resources to deal with any claims for statutory blight that may arise during the time between the application being submitted and the implementation of the DCO Scheme.
- 5.8 For the reasons set out above and as are further detailed in the Applicant's Statement of Reasons the tests in Section 122 of the Planning Act 2008 are met.

## **6. Meeting the funding tests in the Compulsory Acquisition Guidance**

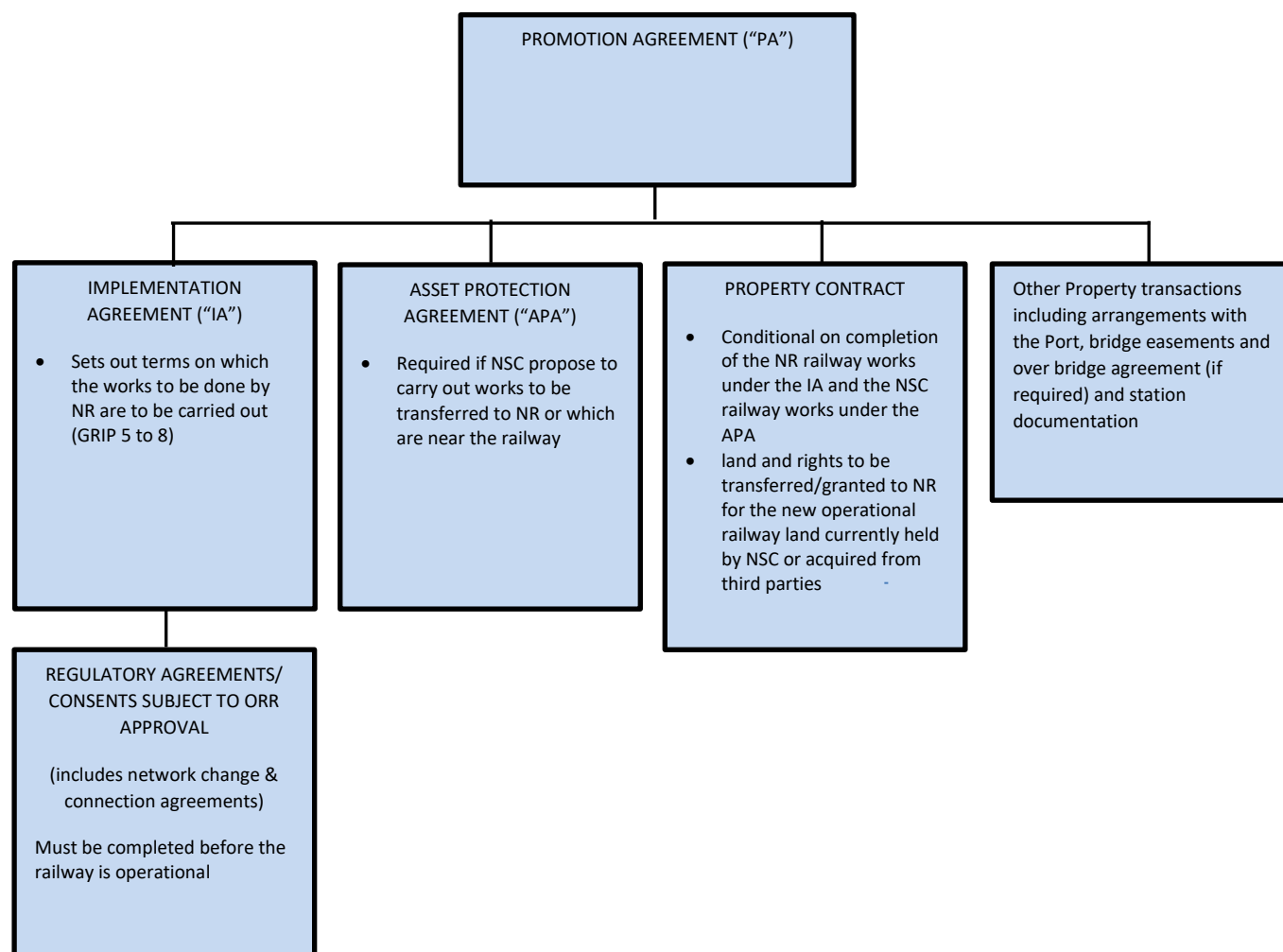
- 6.1 The Applicant has more than sufficient funds allocated to discharge its obligation to pay compensation to persons interested in land, and its request for compulsory acquisition powers is in conformity with the requirements of paragraphs 9, 17 and 18 of the CA Guidance.
- 6.2 There is also no reason to believe that the required funding for the DCO Scheme and the wider MetroWest Phase 1 project would not be available in the period during which compulsory acquisition powers would be available to the Applicant under the Order, if made.
- 6.3 The Secretary of State can therefore be satisfied that funds are likely to be available to meet the capital expenditure for:
  - the cost of the DCO Scheme;
  - the cost of acquiring the land identified in the Order; and
  - the cost of compensation otherwise payable in accordance with the Order.
- 6.4 The financial resources that already can be accessed by the Applicant are substantial. The Applicant is therefore able to provide the required funding in respect of all likely compensation liabilities resulting from the exercise of compulsory acquisition powers for the DCO Scheme.

## **7. Delivery Phase of the DCO Scheme**

- 7.1 Figure 1 sets out the structure of the suite of legal agreements required between NR and the Applicant. The Promotion Agreement sets out joint working arrangements and share of risks and liabilities for taking the MetroWest Phase 1 project through the

Development Consent Order process. The other agreements are being progressed in accordance with the MetroWest Phase 1 project timescales.

**Figure.1: Suite of Legal Agreements with Network Rail**



7.2 The Promotion Agreement has been completed and dated 7 November 2019 and I sets out broad responsibilities and liabilities for the parties. The Implementation Agreement will set this out in greater detail and will tie the Applicant to certain milestone dates which if not reached will expose the Applicant to all of NR's consequential costs.

## 8. Post Construction

8.1 MetroWest Phase 1 railway assets will become NR assets and these assets would be owned, operated and maintained by NR as part of the national rail network.

8.2 The following non-railway assets will remain with the Applicant, or become the Applicant's assets:

- the station car parks;
- the re-aligned Quays Avenue;
- three existing road over bridges on the dis-used line;
- the Trinity School bridge;
- some of the DCO Scheme environmental mitigation; and
- the pedestrian ramp at Winterstoke Road will become part of the highway adopted and managed by Bristol City Council.

- 8.3 Under the DfT rules, promoters of rail enhancement projects must meet the cost of any revenue support during the first three years of operation. The overall MetroWest Phase 1 project position is that up to £5.4M of revenue support will be required during the first three years, however, further discussions are needed with the DfT as some of these costs should be regarded as wider rail industry costs. While the DCO Scheme accounts for most of the capital cost of the MetroWest Phase 1 project, it performs exceptionally positively in respect of the revenue position. This is due to a combination of relatively low operating costs (only one train set is required) and the relatively higher fare yield (due to the distance of the two new stations from Bristol Temple Meads).
- 8.4 The DfT will decide before the end of 2019 the specification for the proposed extension to the Great Western Railway (**GWR**) franchise, known as Direct Award 3. The proposed extension is to 2022 with an option to extend to 2024. The DfT has indicated that it will include the proposed MetroWest Phase 1 project train service in Direct Award 3, but may require the promoting authorities to enter into a revenue support agreement directly with the department. Alternatively, the promoting authorities could negotiate and enter into a bi-lateral agreement directly with the incumbent train operator, GWR. The arrangements for the procurement of the train operator and train service do not need to be finalised until 2020. Engagement with GWR continues to be very positive.

## 9. Summary of MetroWest Phase 1 Project Quantified Benefits

- 9.1 A summary of the MetroWest Phase 1 project quantified benefits is shown in Table 4. In addition to these benefits are wide ranging unquantified social wellbeing benefits, across the local demographic. As shown in the table, the DCO Scheme will yield substantial added value to the local economy in terms of Gross Value Added (**GVA**) and job creation. It will support growth of the Temple Quarter Enterprise Zone and the Enterprise Areas across the sub-region, increasing the size of the skilled workforce within a 30 minute commute of major employers.
- 9.2 The MetroWest Phase 1 project forms the foundations for developing the local rail network, as set out in the West of England Joint Transport Study and the emerging West of England Joint Local Transport Plan 4. In December 2017 the MetroWest Phase 1 project completed its Outline Business Case (Document 8.4) and technical scrutiny with the DfT.
- 9.3 As a key part of the overall MetroWest Phase 1 project, the DCO Scheme is essential to the success of that project and the benefits it delivers.

9.4 Table 4 below sets out a summary of the quantified benefits.

**Table 4: Summary of Quantified Benefits**

Description	Whole of MetroWest Phase 1 Severn Beach Line, Bath Spa Line & Portishead Line	Portishead Line (DCO Scheme)
Modal Shift	Reduction of 580 car trips per day in the opening year, increasing to 890 fewer car trips per day by 2036.	Reduction of 294 car trips per day in the opening year, increasing to 415 less car trips per day by 2036.
Job Creation	514 net new direct permanent jobs + temporary jobs during construction.	207 net new direct permanent jobs + temporary jobs during construction.
Gross Value Added (GVA) to the economy	£31.87M per annum in the opening year, totalling £271M discounted GVA during the first 10 years. Plus a further £59.27M during construction.	£12.95M per annum in the opening year, totalling £139M discounted GVA during the first 10 years. Plus a further £54.78M during construction.
Forecast Rail Passenger demand & number of train sets	2021: 958,980 passenger trips 2036: 1,295,103 passenger trips 6 train sets (including 2 existing train sets on the Severn Beach Line).	2021: 377,021 passenger trips 2036: 509,167 passenger trips 1 train set.
Population benefiting	Will upgrade the existing train service at 16 existing stations across three rail corridors, directly benefiting 180,000 people within a 1km catchment and bring an additional 50,000 people within the catchment of the 2 new stations. The total population benefiting from the project is 230,000.	Will bring an additional 50,000 people within the immediate catchment of the 2 new stations at Portishead and Pill.

## 10. Conclusions

- 10.1 Funding for the MetroWest Phase 1 project has been allocated, in accordance with the assessment of costs as set out in the Outline Business Case.
- 10.2 Appropriate funding will be available in respect of liabilities for compensation arising from the acquisition of land and rights and the creation of new rights, where compensation is appropriately and reasonably claimed. The Applicant is able to cover liability for statutory blight prior to powers being granted and implemented.
- 10.3 The Applicant is confident it will be able to draw down the funds both for compensation to landowners and for the construction of the DCO Scheme.
- 10.4 The Secretary of State can therefore be satisfied both that funding is likely to be available for claims for compensation by landowners and also that the DCO Scheme is soundly backed in terms of overall funding.
- 10.5 There is no reason to believe that, if the Order is made, the DCO Scheme will not proceed due to there being insufficient funding.

**Appendix 1 - Letter from North Somerset District Council Head of Finance (s151 officer)**

Date: 03 September 2019  
My Ref: MC/LK  
Your Ref:



**Contact:** Richard Penska  
**Direct dial:** 01275 884256

Richard Penska  
Interim S151 Officer  
North Somerset Council  
Town Hall  
Weston-super-Mare  
BS23 1UJ

[www.n-somerset.gov.uk](http://www.n-somerset.gov.uk)

Dear Sir/ Madam

### **MetroWest Phase 1 Funding Strategy**

I have written this letter to provide confirmation of North Somerset Councils funding commitments towards MetroWest Rail Phase 1.

Please see the summary below of North Somerset Councils financial commitments as per the funding summary provided to members at the June full council meeting on the 25<sup>th</sup> of June 2019.

North Somerset Council have committed financial resources totaling £25.273m towards MetroWest Rail Phase 1. With an initial £4.4m in combined contributions from the four ex-Avon unitary authorities, a contribution of £5.86m to match a commitment from the West of England Combined Authority (WECA) and an additional £15m commitment from business rates funding. Each of which have been approved by members as the project has progressed to support both the development phase and the future cost of construction.

<b>Source</b>	<b>£</b>
Initial Joint contributions from ex-Avon unitary authorities	£4,413,000
North Somerset match with WECA	£5,860,000
North Somerset contribution from business rates	£15,000,000
<b>Grand Total</b>	<b>£25,273,000</b>

Please accept this letter as assurance that funding is in place to support the delivery of the project.

Yours faithfully



**Richard Penska**  
**Interim S151 Officer**  
**North Somerset Council**



**Appendix 2 - Letter from the West of England Combined Authority Director of Investment and Corporate Services (s151 officer)**

James Willcock  
North Somerset Council  
Town Hall,  
Walliscote Grove Road,  
Weston-super-Mare,  
BS23 1UJ.

19<sup>th</sup> August 2019

Dear James

Metrowest (Phase 1) Funding

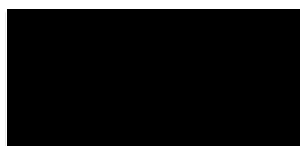
Funding allocations for Metrowest (Phase 1) have been approved as shown below

Decision made	Fund	
	LGF (Prep Costs Award 2015)	£8,846,000
Joint Committee 27 Jul 2018	LGF	£1,700,000
Joint Committee 30 Nov 2018	LGF	£500,000
	LGF (Devolved Major Project)	£16,274,430
	<b>Total LGF</b>	<b>£27,320,430</b>
Joint Committee 27 July 2018	Funding reallocation from LGF to EDF	£26,079,000
WECA Committee 7 Dec 2017	WECA Investment Fund	£5,860,000

On 14 June 2019, Joint Committee resolved to approve draw down of funds to complete the technical work and the Development Consent Order (DCO) process to Full Business Case. The Committee further resolved to agree to submit the DCO application, with an understanding of the associated share of project risks and liabilities.

Please accept this letter as assurance that West of England Combined Authority have this funding in place.

Yours sincerely,



Malcolm Coe  
s73 Officer  
West of England Combined Authority

Tel: +44 (0)117 428 6210  
Email: [info@westofengland-ca.gov.uk](mailto:info@westofengland-ca.gov.uk)

3 Rivergate, Temple Quay, Bristol, BS1 6EW  
[www.westofengland-ca.gov.uk](http://www.westofengland-ca.gov.uk)

The West of England Combined Authority (WECA) covers Bath & North East Somerset, Bristol and South Gloucestershire. WECA also supports the Local Enterprise Partnership and the Joint Committee, which includes North Somerset.

**Appendix 3 - Letter from the Right Honourable Chris Grayling MP to North Somerset District Council and West of England Combined Authority**



## Department for Transport

Councillor Nigel Ashton  
Leader  
North Somerset Council  
Town Hall  
Weston Super Mare  
BS23 1UJ

Tim Bowles  
Mayor of West of England  
West of England Combined Authority  
3 Rivergate Temple Quay  
Bristol  
BS1 6EW

From the Secretary of State  
**The Rt. Hon. Chris Grayling**

Great Minster House  
33 Horseferry Road  
London  
SW1P 4DR

Tel: 0300 330 3000  
E-Mail: [chris.grayling@dft.gov.uk](mailto:chris.grayling@dft.gov.uk)

Web site: [www.gov.uk/dft](http://www.gov.uk/dft)

Our Ref: MC/252216  
Your Ref: NA/pk/Grayling060319

5 April 2019

Dear Nigel and Tim,

Thank you for your letter of 6 March about MetroWest Phase 1 and the Portishead Line.

As you know, improving rail services for the people of the Bristol area is important to this Government. I firmly support MetroWest and consider its successful delivery, including the Portishead element, a priority in Control Period 6.

I welcome your efforts to identify local funding options and the further £15m contribution you think is possible through the Economic Development Fund mechanism, reducing the funding gap from £46.9m to £31.9m. I also note the consideration that has been given to light rail and tram/train options and that the MetroWest scheme will be future proofed to facilitate these.

I am content to provide the further £31.9m required. However, this is on the basis that the £15m of local funding can be secured as you set out and that MetroWest passes successfully through the Department's Rail Network Enhancements Pipeline (RNEP) process.

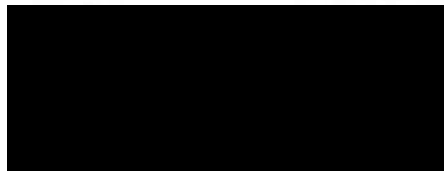
I have directed my officials to guide you through the RNEP process and any other requirements we have in order to make this funding decision. I expect the Bristol Feasibility Study to be an input to the RNEP process.

My officials will require full transparency of cost data in order to enable them to carry out independent assurance on plans. My officials will also work with you to ensure the funding is provided in a way that meets your forecasted costs whilst being affordable on a year by year basis for the Department's rail enhancements portfolio. The funding will only be available from 2020/21 onwards.

The funding provided will have the conditions I set out in my letter of 6 October 2018. I have further clarified the second condition:

- any government contribution will be capped and any cost increases will be the responsibility of the local authorities;
- there is agreement as to the allocation of the ongoing subsidy requirement among the contributing partners, as regards both Portishead and the wider package of MetroWest service improvements.

W.L. bat us



**Rt Hon Chris Grayling MP**

**SECRETARY OF STATE FOR TRANSPORT**

## **Appendix 4 - West of England Local Growth Assurance Framework**

# West of England Local Growth Assurance Framework

April 2019

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# 1 Purpose of the document

## 1.1 Context

1. The West of England is one of the UK's most prosperous regions with an economy worth over £33.2 billion a year. A net contributor to the national purse, with a population of over 1 million and over 43,000 businesses, the West of England competes on a global scale.
2. In 2016, three councils in the West of England – Bath and North East Somerset, Bristol and South Gloucestershire – signed a devolution deal. As a result, significant powers and funding have been transferred to the region through the new West of England Combined Authority (WECA) and West of England Mayor.
3. The West of England Local Enterprise Partnership (LEP) is a business led public-private partnership which develops and drives policy and strategy for economic growth and job creation in the area. The LEP spans the geography of Bath and North East Somerset, Bristol, North Somerset and South Gloucestershire. WECA provides support for the activities of West of England LEP including undertaking the role of accountable body for LEP funding.



## 1.2 Scope of the Assurance Framework

4. Government have set out in [The National Local Growth Assurance Framework](#) guidance the requirement for LEPs and Mayoral Combined Authorities in receipt of a Single Pot to produce their own local assurance framework. This document sets out the West of England's governance arrangements for these funds, how due transparency and accountability are ensured and the way that schemes are appraised, monitored and evaluated to achieve value for money.
5. The 'Single Pot' approach to funding is a significant fiscal agreement in devolution deals which seeks to reduce ring fences and consolidate funding lines for which WECA is the accountable body. The West of England Operating Framework and Business Plan provide the basis for investment decisions alongside the delivery of statutory requirements, conditions of funding and other local transport objectives.
6. The funds in the scope of this assurance framework (hereafter referred to as the 'investment programme') are as follows:
  - **West of England Investment Fund (WoEIF)** – WECA has established the WoEIF through which it will administer the additional £30m per annum allocation to WECA of grant-based investment funds (sometimes called 'Gain Share'). These funds span a 30 year period but are subject to a five-yearly Gateway Review by Government. In line with the Devolution Deal this is in the control of WECA, working with the West of England Mayor. Aside from schemes in the scope of this framework, other exceptional costs are funded via the WoEIF related to the establishment of WECA and arising from its statutory duties, together with election costs for the Mayor as agreed by the WECA Committee.
  - **Transforming Cities Fund (TCF)** – the £103m of funding awarded to WECA to deliver transport improvements aimed at transforming connectivity through improved public transport and active travel infrastructure, reducing congestion and enhancing air quality.

*For ease of language, in the scope of this framework the WoEIF and TCF are hereafter referred to as 'the WECA funding streams'.*

- **Adult Education Budget (AEB)** – from 2019/20 WECA became responsible for administering AEB within its area. Investment decisions for AEB will be made with full consideration to the statutory entitlements which are detailed in the orders laid down to devolve the functions for administering AEB to WECA.

It should be noted that owing to the nature of AEB, whilst it falls within the general principles of this framework, including transparency, accountability and formal decision making by the WECA Committee, general references to project identification, appraisal, monitoring and value for money will be subject to different arrangements. Further detail on the specific arrangements for AEB are provided in Appendix 1.

- **Local Growth Fund (LGF)** – the £202m of funding covering the period 2015/16-20/21 awarded to the LEP through Growth Deals with Government.

- **Economic Development Fund (EDF)** – the City Deal signed in 2012 by the West of England Councils, the LEP and Government included a range of measures aimed at driving economic growth. Several of the Deal elements have been adopted in ongoing programmes (such as developing an integrated inward investment service) or have been completed. One ongoing element is the Growth Incentive whereby the local authorities retain 100% of business rates growth in five West of England Enterprise Areas.

£500m of the growth in these Enterprise Areas, together with the Bristol Temple Quarter Enterprise Zone, over a 25 year period is being used to create the LEP's Economic Development Fund to deliver infrastructure to help unlock these locations.

Whilst the operation and monitoring of the Enterprise Zone and Areas is undertaken by the relevant Council, the overall growth performance is overseen by the Business Rates Pooling Board which comprises the four Council s151 Officers and the LEP. Periodic reports are presented to the LEP Board and the West of England Joint Committee, and an annual performance report is provided to the WECA Overview and Scrutiny Committee.

- **Revolving infrastructure Fund (RIF)** – this fund was formed from awards by Government through the Regional Growth Fund and Growing Places. This is a revolving fund aimed at advancing the infrastructure which enables development.

*For ease of language, in the scope of this framework the LGF, EDF and RIF are hereafter referred to as 'the LEP funding streams'.*

### 1.3 What is an Assurance Framework and who it is for?

7. This assurance framework is underpinned by the Seven Principles of Public Life (the Nolan Principles), namely:
  - **Selflessness:** Holders of public office should act solely in terms of the public interest.
  - **Integrity:** Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
  - **Objectivity:** Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
  - **Accountability:** Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
  - **Openness:** Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

- **Honesty:** Holders of public office should be truthful.
  - **Leadership:** Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.
8. The framework is required to show that suitable arrangements are in place to effectively manage the investment programme and that robust systems are in place to ensure resources are spent with regularity, propriety, and value for money, whilst at the same time achieving projected outcomes.
  9. The assurance framework also outlines clear and transparent procedures for all stakeholders in the West of England area (including the constituent Local Authorities, the West of England LEP, other key partner agencies, businesses and residents) regarding the delivery and spending associated with the investment programme. The assurance framework and the investment programme will be managed in accordance with the usual local authority checks and balances, including the financial duties and rules which require local authorities to act prudently in spending.
  10. The joint and consistent approach will also provide the opportunity to combine funding to maximise economic impacts. All projects funded through the investment programme will be subject to the agreed prioritisation, appraisal, and monitoring and evaluation framework, including value for money assessments tailored to the nature and scale of the proposed investment.
  11. This assurance framework will be updated regularly and reviewed annually to ensure that it remains fit for purpose. Furthermore, other funding sources may subsequently be aligned with the investment programme, such as any funds awarded through the Housing Infrastructure Fund or UK Shared Prosperity Fund, to ensure that an integrated, comprehensive and strategic approach to promoting growth within the West of England is adopted. Where these fall within the scope of this framework it will be updated accordingly. Where there are significant changes to the operation of the framework the Cities and Local Growth Unit will be informed, and any necessary action undertaken.
  12. In performing its role, the WECA will ensure that it acts in a manner that is lawful, transparent, evidence-based, consistent and proportionate. The WECA s151 Officer will confirm that the financial affairs of the LEP are being properly administered and are compliant with the National Assurance Framework by the end of February each year.
  13. The assurance framework sits alongside WECA's Monitoring and Evaluation Framework which sets out WECA's approach to Monitoring & Evaluation.

## 1.4 Status and structure of the framework

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

- Section 2: Describes the governance and decision-making structures and outlines the transparency that will apply to all decision making.
- Section 3: Sets out the procedures for prioritising projects, appraising projects and developing appropriate business case documentation to satisfy the value for money assessment.
- Section 4: Outlines the procedures required for monitoring and evaluating projects and the overall investment programme.

## 2 Governance and Decision-Making Structure

### 2.1 West of England Governance

14. The governance structure for WECA and the LEP is shown in Figure 2.2. The specific roles in this governance process are set out below.
15. The governance arrangements for the investment programme provide timely and binding decisions, with due clarity, transparency and accountability. These are underpinned by a consistent approach which seeks to harmonise governance processes (noting that different funds may have different ultimate decision makers), assurance and reporting arrangements. This provides the flexibility to match the most suitable funding stream to a particular scheme, and also allow overview, efficiency and rigour. The governance process is shown diagrammatically in Figure 2.1.

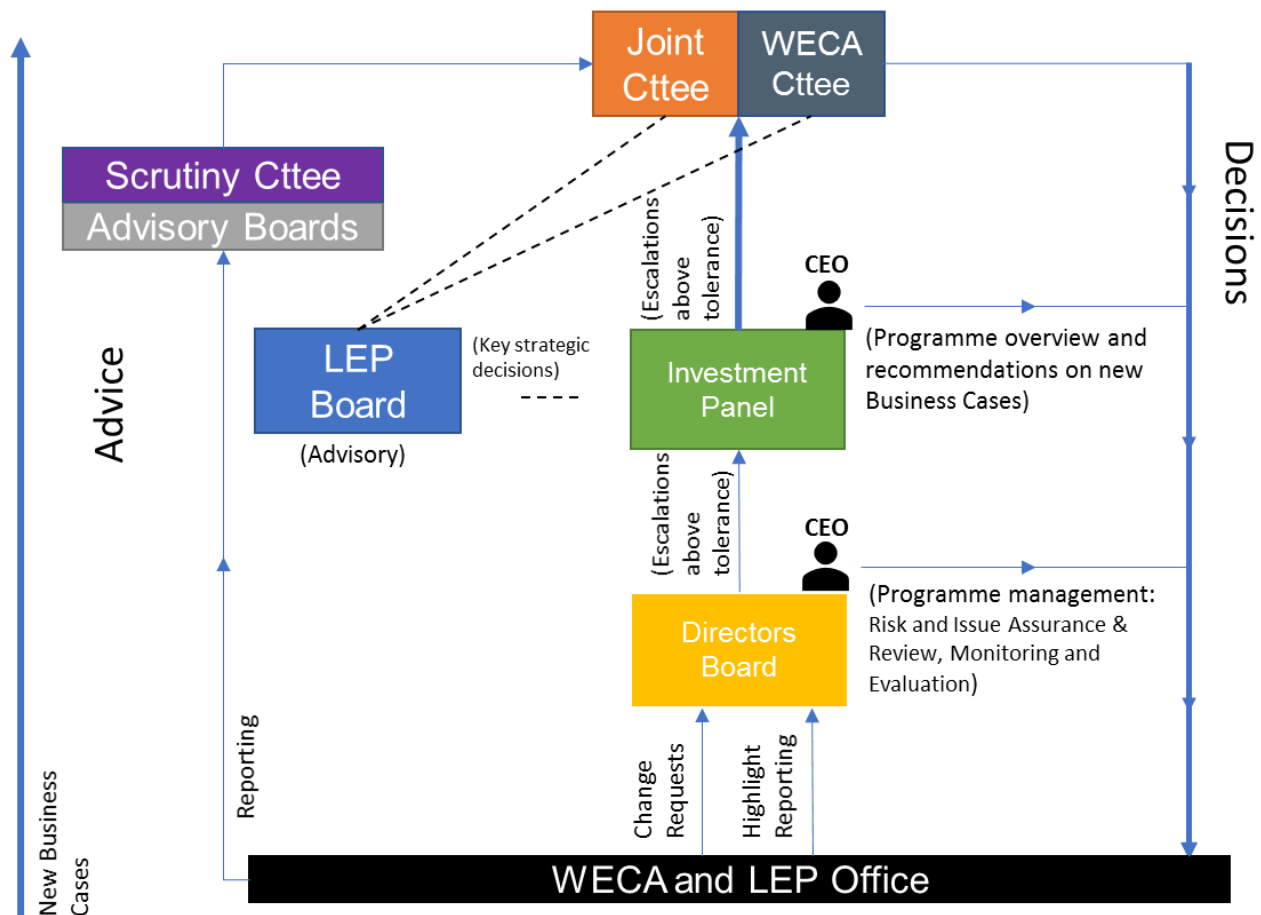


Figure 2.1 – Investment Programme Governance Process

Key:  
Advisory - - - - -

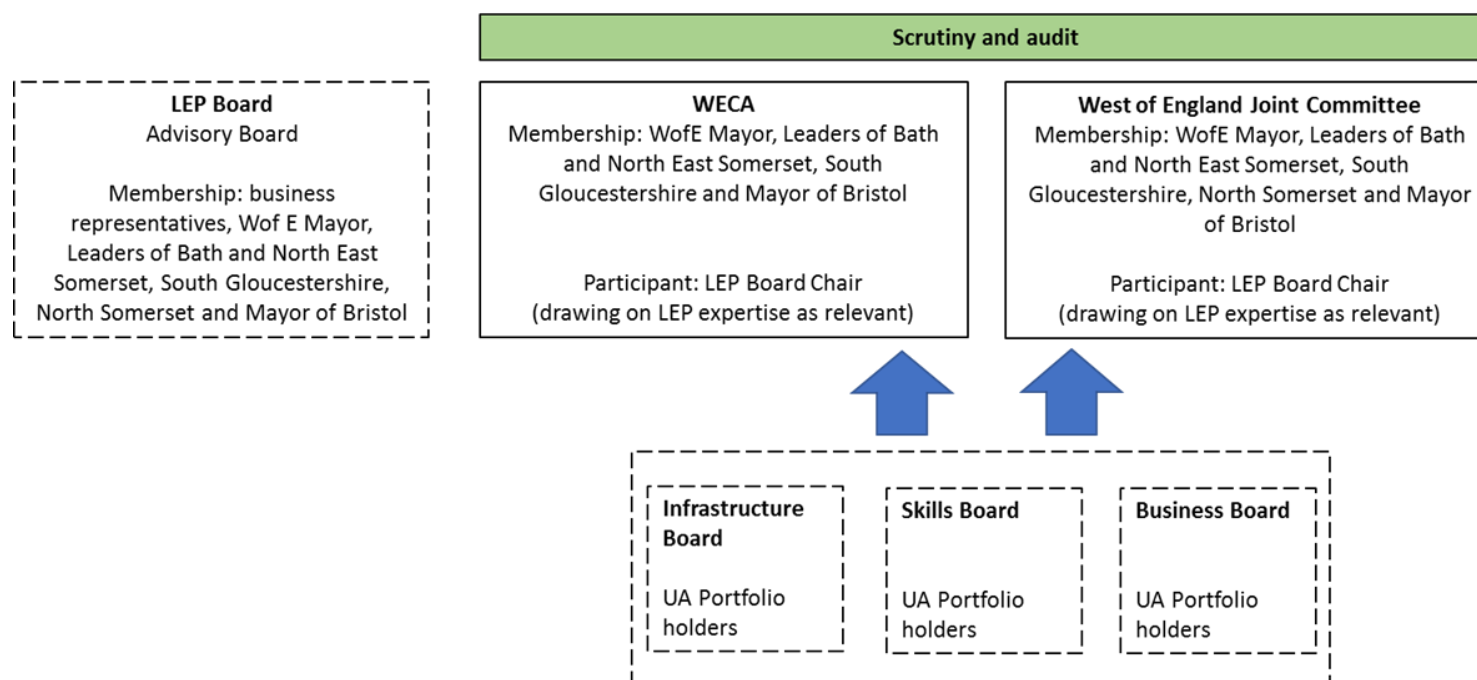


Figure 2.2 – WECA Governance



## **WECA Committee**

16. The WECA Committee is chaired by the West of England Mayor, and is made up of the council Leaders of Bath and North East Somerset and South Gloucestershire and the Bristol Mayor. The WECA Committee meets regularly and in public and the papers for these meetings are published on the [WECA website](#). The constitution of WECA is also [published](#) (page 12 of the linked report) which includes the code of conduct (members – page 167 & employees – page 207 of the linked report). This Committee provides the formal and accountable decision making process related to WECA funding streams. The delegations granted by the WECA Committee related to scheme changes are set out in paragraph 27 and Appendix 2.

## **West of England Joint Committee**

17. The West of England Joint Committee involving the West of England Combined Authority Mayor, the Council Leaders of Bath and North East Somerset, North Somerset and South Gloucestershire and the Bristol Mayor meets formally and in public, and papers for these meetings are published on the [WECA website](#). The Terms of Reference of the West of England Joint Committee can be viewed on the WECA [website](#) (page 24 of the linked report). This Committee makes all decisions related to LEP funding streams (again aside from the delegations set out in paragraph 27).
18. It is the role of these Committees to approve and periodically review a programme of schemes through the submission of Strategic Outline or Outline Business Cases (see Appendix 6). These schemes will be awarded 'Programme Entry'. Schemes with Programme Entry will then produce Full Business Cases or Final Approval Business Cases (see section 3.2) for approval to secure funding confirmation.

## **LEP Board**

19. The purpose of the West of England LEP Board is to secure the region's continuing and ambitious economic success and attractiveness as a place for its residents to live and thrive and for businesses and communities to grow in a sustainable way.
20. The LEP Board is a business led partnership between business/universities and the region's unitary and combined authorities. The LEP Board works in a collaborative and catalytic way seeking to share and test ideas informed by best practice from across the globe to ensure that actions are evidence based and draw upon the best in the world. A joint statement setting out the respective roles of the LEP and WECA is shown in Appendix 3.
21. In terms of the LEP funding streams, the role of the LEP Board is to bring a business perspective and make recommendations to the West of England Joint Committee based upon advice from the Investment Panel (see paragraph 26). A programme of sequential meetings of the Investment Panel, LEP Board and West of England Joint Committee supports this process and timely decision making. The LEP Board and Chair play a key advisory role and make recommendations that are considered by the Joint Committee, who take full account of these recommendations in their decision making. The Chair of the LEP Board participates as a non-member in the meetings of the WECA and Joint Committees.

22. The Board receives regular updates on all LEP funded projects, so they are sighted on their performance, issues, risks and relevant mitigations in place.

### **Advisory Boards**

23. The following Advisory Boards meet up to 6 times a year and involve the relevant Cabinet lead Member for the constituent Councils. These Boards are chaired by the WECA Mayor and two LEP Board business members also represents the LEP at these meetings. The format and structure of these Boards is currently under review.

- West of England Skills Advisory Board
- West of England Business Advisory Board
- West of England Infrastructure Advisory Board

### **WECA Overview and Scrutiny Committee**

24. The functions of the Overview and Scrutiny Committee are primarily to scrutinise the work and decisions made by the WECA or Joint Committee including the prioritisation and approval of schemes, and progress with the delivery of the investment programme. WECA Overview and Scrutiny Committee has the power to:-
- i. Review or scrutinise decisions made, or other actions taken, in connection with the discharge of any functions which are the responsibility of the WECA or Joint Committee.
  - ii. Make reports or recommendations to the WECA or Joint Committee on matters that affect the WECA area or the inhabitants of the area.
  - iii. Make reports or recommendations to the WECA or Joint Committee with respect to the discharge of any functions which are the responsibility of these Committees.
  - iv. In so far as the business of the LEP relates to the discharge of functions of WECA, the WECA Overview and Scrutiny Committee shall have the power to scrutinise the LEP as set out in (i) to (iii) above.

### **Audit Committee**

25. The functions of the Audit Committee include reviewing and scrutinising WECA's financial affairs. The Audit Committee has an overall remit to:
- Review and scrutinise the authority's financial management – including all funding awarded;
  - Review and assess the authority's risk management, internal control and corporate governance arrangements; and
  - Report and make recommendations to the WECA or Joint Committee in relation to these issues.

## West of England Investment Panel

26. The governance process is underpinned by the West of England Investment Panel which comprises the Chief Executive of WECA and the LEP (hereafter referred to as the WECA Chief Executive) and the Chief Executives of the relevant constituent local authorities. The Panel meets at least quarterly aligned to meetings of the WECA and Joint Committees and its role in the context of the investment programme is to:
- Act on information provided by scheme promoters and technical advice and recommend a programme (the 'Programme Entry' schemes) for:
    - WECA funding streams – approval by the WECA Committee.
    - LEP funding streams - consideration by the LEP Board and approval by the West of England Joint Committee.
  - Make recommendations on individual investment decisions for schemes with 'Programme Entry' awarded by the WECA or West of England Joint Committee based upon business cases and technical advice.
  - Provide overview of the investment programme.
  - Managing programme level risks.

## Directors Board

27. The Directors Board comprises the Directors of Development of WECA and the relevant constituent local authorities. The Board considers programme performance, risks and issues and:
- Monitors the progress of individual schemes managed by individual Project and Programme Boards.
  - Considers change requests for approval within the agreed tolerances for the Board. The decision on such change requests is formally made by the WECA Chief Executive in consultation with the Directors Board. The tolerances are shown in Appendix 2.
  - Seeks necessary approval from the WECA or Joint Committee for those changes outside of these tolerances.

The format of the Directors Board is currently under review to ensure arrangements are suitably robust but also streamlined to maximise efficiency in supporting project delivery.

## 2.2 Transparency

28. WECA and the LEP are committed to being open, transparent and accountable.

### 2.2.1 The LEP Board

#### Appointment of LEP Board Members

29. The LEP Board Chair comes from the private sector. Opportunities for membership of the LEP Board are openly advertised and widely promoted. The LEP Chair in consultation with the Business Nominations Committee (which is the only sub-Board of the LEP Board) is responsible for nominating business members including the vice chair, and the Higher Education representative, for approval by the LEP Board. The Vice Chair in consultation with the BNC is responsible for the nomination of the Chair, for approval by the LEP Board.
30. Selection criteria and procedures ensure that individuals are selected on the basis of their relevant merits and abilities, and that this promote diverse representation reflective of the local business community. The LEP's diversity statement is published on the LEP website.
31. The membership of the LEP Board comprises:
  - Up to fourteen business members including the Chair
  - One Higher Education representative
  - The Mayor of the West of England Combined Authority, the Mayor of Bristol City Council and the Leaders of Bath and North East Somerset Council, North Somerset and South Gloucestershire Council
32. In line with the commitment to secure a greater gender balance, the membership of the LEP Board may increase in the short terms whilst efforts are undertaken to seek more interest in LEP Board roles from female business members. The Board would then revert to 20 as current terms or resignations allowed.
33. The term of the Chair and Vice Chair is three years from date of appointment. The term of business members and university member is up to three years. Terms are staggered to ensure continuity amongst the membership and support succession planning. Members can serve a maximum of two terms but renewal of term is not automatic. In the event of the resignation of a business member an appointment process would be undertaken in line with the process described above.
34. The membership of the [LEP Board](#) and the [terms of reference](#) can be viewed on the [LEP website](#). A member or members of the LEP Board, currently [Neil Douglas](#) and [James Durie](#), are specifically responsible for representing and engaging with the SME business community.
35. An induction process is in place for new members of the LEP Board. All new WECA officers follow the organisation's induction process.

#### Remuneration

36. LEP Board members receive no remuneration. The LEP's hospitality and expenses register is published on the LEP website.

## **Code of Conduct**

37. The LEP Board members are required to follow a Code of Conduct (which includes the conflicts of interest policy) which is based on the Seven Principles of Public Life. This Code of Conduct is published on the [website](#). LEP Board members are required to sign the Code of Conduct before taking up their role. Officers who support the LEP are employees of WECA and are bound by WECA's code of conduct.

## **Registering and Managing Interests**

38. The LEP Board Code of Conduct includes the way that pecuniary and non-pecuniary interests are declared and managed. This policy applies to all involvement with the work of the LEP. The interests of Board members are published on their individual profile pages on the [LEP website](#). The register of interest is signed within 28 days of taking up the role on the Board and in advance of participation in the role. Board members are required to review their declared interests before each meeting. Senior staff at WECA and the LEP and those who advise on decisions are also required to complete a register of interest form. That of the WECA Chief Executive is published on the LEP website.

## **Publication of Meetings and Agenda Items**

39. The agendas, reports, minutes and forward plan for the [WECA](#) and West of England [Joint Committees](#) are published on the West of England Combined Authority [website](#). The Committees receive a regular report with the recommendations made by the West of England Investment Panel which is published as part of the papers.
40. Stakeholders are able to submit questions, petitions or statements to the WECA and Joint Committee.
41. The agenda, reports and minutes of the LEP Board are available on the WECA [website](#). The agenda and reports for the Board are published 5 clear working days in advance of the meeting. The minutes of Board meetings are published within 2 weeks of the meeting. Any recommendations made by the LEP Board relating to the LEP funding programme will be published through the notes of the meeting. The LEP Board is not a decision making body, and aside from the Annual Meeting the Board meetings are not held in public.

### ***2.2.2 Complaints, Whistleblowing, Freedom of Information Requests and Data Protection***

42. Any complaints related to the arrangements, processes or decision making associated with the investment programme will follow the formal complaints process of WECA. The [procedure](#) is published on the WECA website and looks to manage any complaints that should arise appropriately and effectively. The complaints process makes provision for third parties or the public to make confidential complaints.
43. In addition to the above, there is also a [Whistleblowing Policy](#) in place, which outlines the process to follow when reporting a perceived wrongdoing within WECA and the LEP, including something that is believed to contravene the core values and Nolan Principles of Public Life. The LEP will

inform the Cities and Local Growth Unit should any concerns be raised through the whistleblowing procedure.

44. Procedures are in place to manage [Freedom of Information](#) requests related to the activities of WECA and the LEP, including the investment programme. Appropriate data protection arrangements are in place in line with the Data Protection Act 1998, the General Data Protection Regulations (GDPR) and the Data Protection Act 2018. The existing WECA [Data Protection Policy](#) is to be presented to the LEP Board, at the earliest possible time, with the proposal for the LEP to formally adopt the Policy
45. In the interests of transparency, WECA and the LEP are committed to ensuring relevant information related the business of the LEP Board or decisions at the Joint Committee is published aside from where there are matters of commercial or other sensitivity.

### *2.2.3 Communications and Local Engagement*

46. WECA and the LEP are committed to ongoing engagement with public and private sector stakeholders. This includes engaging stakeholders to inform key decisions and ensuring that there is local engagement with feedback to the general public about future LEP strategy and progress. A WECA Operational Framework and Business Plan has been formally approved and progress with the delivery of the Plan is reported annually. The emerging Local Industrial Strategy is being informed by consultations with key stakeholders and partner agencies from across the West of England.
47. Key information related to the arrangements for, and activities of the LEP, and the LEP funding streams, are published on the [LEP website](#). This is kept up to date to ensure the information remains current, and for the [funding programme](#) it reflects the latest position regarding scheme funding and approval status. References to material and documents published on the website are included in various places within this assurance framework, but for ease a checklist is provided in Appendix 4.
48. The LEP Annual General Meeting will be openly advertised and open to the public.
49. Information related to the operation of the [WECA funding streams](#) is published on the WECA [website](#). For AEB, a process of engagement with providers was undertaken in developing the application process and arrangements, and relevant documentation and guidance are published on the WECA [website](#).
50. All scheme Outline and Full Business Cases are published before funding approval is given. External opinion expressed on these business cases by the public and other stakeholders will be made available to the WECA or Joint Committee to inform decision making.
51. WECA and LEP are committed to working with the LEP Network and where appropriate to engage with other LEPs and develop joint strategies and investments and share best practice.
52. WECA will comply with Government communications and branding guidelines for schemes funded through the LGF including the branding and wording used on websites, signage, social media, press

notices and other marketing material. These requirements have been shared with all LGF scheme promoters and compliance is a condition set out within grant offer letters.

## 2.3 Accountable body role and financial management

### 2.3.1 *Investment Decisions*

53. All investment decisions, including ensuring the effective allocation of the investment programme in line with the WECA and LEP Operating Framework and Business Plan, will be the responsibility of the WECA or West of England Joint Committee.

### 2.3.2 *The Role of the Accountable Body*

54. WECA will be the Accountable Body for all funds within the investment programme and will be responsible for the proper administration and financial probity of the funds received. WECA will ensure the effective use of public money and have responsibility for the proper administration of funding received and its expenditure.
55. As the Accountable Body, WECA will be responsible for overseeing policy, the prioritisation of funding, ensuring value for money, evaluating performance and managing risk. WECA will:
- Hold investment programme funds and make payments in accordance with the decisions of the WECA or Joint Committee.
  - Ensure that funding is approved and allocated in a manner that is lawful, transparent, evidence-based, consistent and proportionate.
  - Ensure that the decisions and activities conform to the legal requirements with regard to equality and diversity, environmental regulations and other relevant legislation and guidance.
  - Ensure through its Section 151 Officer that the funds are being used appropriately, prudently and are in accordance with decisions made by the WECA or Joint Committee, or through delegation, together with adherence to relevant guidance/legislation for the intended purpose.
  - Record and maintain the official record of proceedings relating to decisions made on all investment projects.
56. Should a decision related to funding not conform to this assurance framework eg not meeting legal requirements or representing inappropriate use of funds then WECA, as accountable body, will not action this decision.

### 2.3.3 *Accounts and Financial Information*

57. The WECA [Statement of Accounts](#) is published on the Financial Information section of the WECA website. For [2017/18](#) the LEP income and expenditure is dealt with in note 20 to the accounts (page 64 of the linked report). A Local Growth Fund Annual Report is published setting out grant payments made each year for all projects within the programme, the 2017/18 report can be viewed

[here](#). This information will be brought together into the financial statement related to all LEP funding which will be produced as part of the LEP Annual Report for 2018/19 onwards.

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

#### *2.3.4 Managing Contracts*

59. All contracts awarded by WECA will follow the authorities financial and procurement regulations. Where projects are delivered by other organisations business cases will set out the procurement strategy, compliance with regulations and how value for money will be ensured. Where there are changes to scheme cost or scope which arise through the procurement process or in delivery these will be reported and considered through the agreed change management process. As set out in paragraph 22, the LEP Board receive regular reports on progress with schemes across the programme so they are sighted on performance and risks.

#### *2.3.5 Risk Management*

60. A key role of the assurance framework is to ensure that risk is identified, monitored and managed appropriately, both at a corporate level for WECA and at a programme and project level. The risks associated with individual investment programme projects are discussed in Section 3.5.1 and these will require consideration as part of the business case development through into delivery. The risks associated with the overall investment programme are identified and, in conjunction with plans to mitigate these risks, managed by the Investment Panel. Significant risks will be escalated and will be added to the WECA Corporate Risk Register. WECA's Corporate Risk Register is reviewed by the Senior Management Team each month and activities are reported to Audit Committee.
61. For the LEP funding programme, the current and last reported risk rating for each scheme (based upon a matrix score for progress against milestones, changes in spend profile or cost and potential reputational impact) is periodically reported to the LEP Board as part of a programme dashboard. Deep dives are initiated for projects where progress is of concern.

#### *2.3.6 Internal and External Audit*

62. All investment programme funding from HM Government will be held and managed by WECA. In doing so the funds will be subject to financial management arrangements and subject to Internal Audit in accordance with the Accounts and Audit Regulations (2015) and in compliance with the mandatory Public Sector Internal Audit Standards. This will provide independent and objective assurance regarding the effectiveness of WECA's risk management, control and governance processes.
63. The Section 151 Officer will be responsible for reporting on the financial management and assurance of the investment programme to WECA Audit Committee through the delivery and outturn of the annual Internal Audit plan and published accounts.



64. All investment programme funding decisions taken by the WECA or Joint Committee will also be subject to review through WECA annual external audit, which undertakes a review of value for money arrangements by assessing whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resource.
65. Audit reports related to the LEP produced by either internal or external audit will be shared with the LEP Board and the Cities and Local Growth Unit.

## 3 Investment Programme - Project Lifecycle

### 3.1 Scheme Identification and Prioritisation

#### 3.1.1 Prioritisation Process - LEP Investment Programme

66. The LGF is fully allocated and overprogrammed to ensure full delivery of grant. The way that any scheme can be considered for inclusion in the funding pipeline in an open and transparent way is through the submission of an Outline Business Case. Information on the form of these submissions, and the governance process through which they will be considered, is provided on the LEP [website](#). In addition, a [Support Manual](#) and [Step by Step Guide](#) is provided on the LEP website to assist promoters and to encourage them to draw on best practice when producing a Business Cases.
67. Should a decision be made to extend LGF funding to further pipeline schemes these would be considered through a prioritisation process including their strategic fit, impact and value for money and deliverability. Owing to the nature of the funds, the EDF (which is predicated on borrowing against future business rates growth in the Enterprise Zone and Areas) and the RIF (which requires repayment) are only available to the West of England Councils. The same OBC process still applies.

#### 3.1.2 Prioritisation Process - WECA Investment Programme

68. For the WoEIF and TCF a robust and transparent process of prioritisation is being undertaken to establish a joint investment programme. The detail of the thematic methodology to be used, including prioritisation process and metrics, will be agreed in advance of its application. The outcomes will be published on the WECA website and an audit trail retained. The prioritisation process and WECA investment programme will be subject to regular, and at least annual review.

#### **Scheme Identification**

69. Candidate schemes for funding through the WECA investment programme will be identified by WECA and the constituent Councils through their fit with the strategic and economic policy and plans for the area including the WECA Operational Framework and Business Plan, emerging Local Industrial Strategy, Joint Spatial Plan, Joint Local Transport Plan and the Energy Strategy. This scheme identification process will be guided by a set of eligibility criteria. The long list will be subject to 'gap analysis' to ensure that key interventions at the programme level have been considered for inclusion.

#### **Scheme Assessment**

70. Once a long list of interventions is agreed this will be subject to a multi-criteria assessment using a prioritisation tool. This will use a weighted scorecard approach applied to thematic allocations for transport, other infrastructure, business and skills. This will draw on quantitative and, where not readily available, qualitative data. Guidance will be provided to scheme promoters to ensure

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

71. The output of this process will be used to formulate a 20 year investment programme, including a pipeline of proposals. Schemes will be able to seek funding through completion of a Strategic Outline Business Case and a Feasibility and Development Funding Application Form to seek formal entry into the programme.

## 3.2 Business Case Development

### 3.2.1 Business Case Stages and Proportionality

72. The business case development and appraisal process will apply the principle of proportionality, with more detailed information being required for large, complex or contentious projects. The application and appraisal process for the investment programme will involve the following stages:
  - **Strategic Outline Business Case (SOBC)** – this will provide the underlying justification for the project and will support the prioritisation and programme development stage. Smaller or less complex schemes may be able to progress direct to Outline Business Case.
  - **Outline Business Case (OBC)** – this will confirm the strategic context, make a robust case for change and identify the preferred option for delivery from a shortlist of options considered based upon how well it meets scheme objectives. The OBC template is shown in Appendix 6.
  - **Full Business Case (FBC)** – this will include a detailed business case for the project consistent with HMT’s guidance on the five case business case model which is developed to a level where it is capable of being given final approval (aside from larger schemes as below), including detailed design and having secured all necessary powers, consents and land to enable the delivery of the scheme. The assessment of Value for Money (VfM) will, in particular, underpin the economic case and the decision to proceed. This will follow the latest Green Book business case guidance and take account of project specific appraisal guidance published by the relevant government department (see section 3.3 on Appraisal). The FBC template is shown in Appendix 7.
  - **Final Approval Business Case (FABC)** – for schemes of a value over £5m an FABC will be produced which will confirm that the project has the necessary contractual/procurement and delivery arrangements in place for the project to proceed. This will provide confirmation of costs and benefits.
73. In the interests of efficiency and to avoid duplication, business cases will build upon, augment and draw upon the recommendations from the previous stages. The final content of and recommendations on the FBC (or for larger schemes the FABC) will be included in the contractual agreements for funding. Where assumptions have been made, these will be clearly set out in the Business Case, with sufficient sensitivity testing carried out on these assumptions to demonstrate the robustness of the economic assessment.

### 3.2.2 Scheme Development Funding

#### WECA Funding Streams

74. Projects within the investment programme funded by WECA funding streams will be eligible to submit for scheme development support from the WoEIF. This will be based on the submission of a Scheme Feasibility and Development Funding Application Form which will identify tasks, timescales and costs for bringing forward an FBC. The template is shown in Appendix 8. All submissions will be appraised by WECA and approved by the WECA Committee.

#### LEP Funding Streams

75. Projects within the investment programme funded by LEP funding streams are expected to meet their own development costs until they secure Outline Business Case approval. Development costs incurred from Outline Business Case approval can be recovered once a scheme has secured Full Business Case approval (or FABC approval if this applies).

### 3.2.3 Due Diligence

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

## 3.3 Appraisal

### 3.3.1 Appraisal Criteria

77. The appraisal process for the investment programme will be consistent with HM Treasury's Green Book and Business Case Appraisal process, including supplementary and departmental guidance, such as the Department for Transport's (DfT) WebTAG appraisal guidance for transport schemes and MHCLG's Appraisal Guide. This will be based on the five cases model:
- **Strategic case** – which provides a compelling case for change and explains how the project fits with the objectives of the organisation and wider public sector agendas.
  - **Economic case** – which describes how the project/preferred option represents best public value.
  - **Commercial case** – which demonstrates that the deal is attractive to the market, can be procured and is commercially viable.
  - **Financial case** – which confirms that the proposed spend is affordable.
  - **Management case** – which confirms that what is required from all parties is achievable.

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

### *3.3.2 Assessing Value for Money*

79. It is useful to keep in mind that good VfM, as defined by HM Treasury is the optimal use of resources to achieve the intended outcomes. 'Optimal' being 'the most desirable possible given expressed or implied restrictions or constraints'. VfM is not just about achieving the lowest initial price, it is defined as the optimum combination of whole life costs and quality, with due regard to propriety and regularity.
80. The NAO uses three criteria to assess the VfM of government spending i.e. the optimal use of resources to achieve the intended outcomes:
- **Economy** - minimising the cost of resources used or required (inputs) – spending less.
  - **Efficiency** - the relationship between the output from goods or services and the resources to produce them – spending well.
  - **Effectiveness** - the relationship between the intended and actual results of public spending (outcomes) – spending wisely.
81. For the investment programme, WECA and the LEP will make investment decisions based on a range of evidence, such as the strategic case and other local impacts and analysis of cost effectiveness (including GVA impact at the local level), as well as the wider VfM appraisal. This evidence will be consistent with HM Treasury's Green Book and other relevant departmental appraisal guidance. These are set out in Appendix 5.
82. Whilst recognising the national BCR will remain the universal metric to assess VfM, WECA will take account of a range of evidence when deciding to invest in a project (such as the local impacts on the economy and investment unlocked) within the context of a wider VfM appraisal. In the event that a scheme does not offer at least 'high' VfM (ie that the national BCR is below 2 and once significant non-monetised impacts and key uncertainties have been considered) , WECA may still decide, exceptionally, to invest in a project based on the strength of evidence presented within the overall business case, including the strategic case and local impacts (see paragraphs 88 and 89) .
83. Independent advice will be sought, including where required external support, for review of business cases. The assessment will be proportionate to the relative size of the scheme being considered, but will, as a minimum, provide independent validation of the assumptions made by scheme promoters.
84. Further safeguards will put in place to avoid any conflict of interest that may arise between consultants acting on behalf of scheme promoters and those that are being asked to provide independent assessments on behalf of WECA.

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

### *3.3.3 Transport Projects*

86. For transport projects, WECA and the LEP will ensure that modelling and appraisal is sufficiently robust and fit for purpose for the scheme under consideration, and that modelling and appraisal meets the guidance set out in WebTAG. WebTAG will be used for all schemes but for schemes with low cost (below £5m) a more proportionate approach will be taken. In addition to WebTAG, other robust or evidence based assessments or methodologies may be employed to prioritise and assess the overall business case for a scheme.
87. The expectation is that all schemes must achieve “high” VfM (where benefits are at least double costs as set out within DfT’s guidance) at all stages of the approval process. VfM for these schemes will be independently scrutinised on behalf of WECA as part of the assessment process. This will be via a commission to a specialist transport consultant, fully independent from the scheme promoter and with no involvement in the development of the scheme being appraised. The independent assessment will be published and made available to the WECA or Joint Committee as part of the decision making process.
88. Notwithstanding the above principles on VfM, WECA and the LEP will be able to approve transport schemes with lower VfM, having regard to specific circumstances including:
- Evidenced and compelling wider economic, social and environmental benefits
  - The ability of the scheme to address multiple WECA and the LEP policy objectives.
  - Significant levels of match funding being provided by the scheme promoter.

Examples of such exceptional circumstances could include where a transport scheme:

- Unlocks a major development site.
- Can be directly attributed to job creation and/or GVA growth.
- Stimulates significant land value uplift which can subsequently be captured.
- Has a low BCR, but is part of a programme that can evidence a ‘high’ BCR as a minimum.

The justification will be clearly set out in the report before the WECA or Joint Committee at the point of decision making.

89. Such projects must have been subject to earlier rigour to assess options for de-scoping, or to explore higher VfM alternatives, and these considerations will be tested as part of the independent review of the business case and reported as part of decision making to the WECA or Joint Committee. This will include considering the robustness of the evidential basis to enable WECA and the LEP to determine the relative weights to be afforded to the different aspects of the case.
90. The recommendations to the WECA or Joint Committee will clearly explain the rationale for approving a scheme with medium or worse VfM and the implications of the recommendation.

## 3.4 Approval process

### 3.4.1 Approval process and timeline

91. To ensure the investment programme is managed strategically the WECA s151 officer, supported by officers in the Investment and Corporate Services Directorate, will be responsible for the overall management of the programme and that linkages are made within the portfolio of projects seeking investment. The appraisal and approval process for individual projects are shown in the flowchart in Figure 3.1. The time taken to assess projects will depend on the nature and complexity of the proposal, but typically business case submissions will be around 2 months prior to decision making at the WECA or Joint Committee.
92. The outcome of the independent assessments of investment programme schemes will be reported to the WECA or Joint Committee as part of the recommendations made on the merits of individual applications. An Assessment Summary Table will form an appendix to these reports, and will be part of the WECA or Joint Committee's public agenda pack that is available to view on-line.
93. Aside from where WECA is the scheme promoter, WECA will prepare a Grant Offer Letter for agreement by the applicant. The offer letter will, in particular, set out the following which will be monitored by WECA:
  - A financial profile including quarterly expenditure.
  - A profile of outputs and outcomes to be achieved with key milestones for delivery.
  - Projected impacts and a timetable for their achievement.
94. WECA have appropriate processes in place to recover non-compliant funding. Should a decision be made not to recover funding, a strong and compelling justification will be required which will be formally documented.

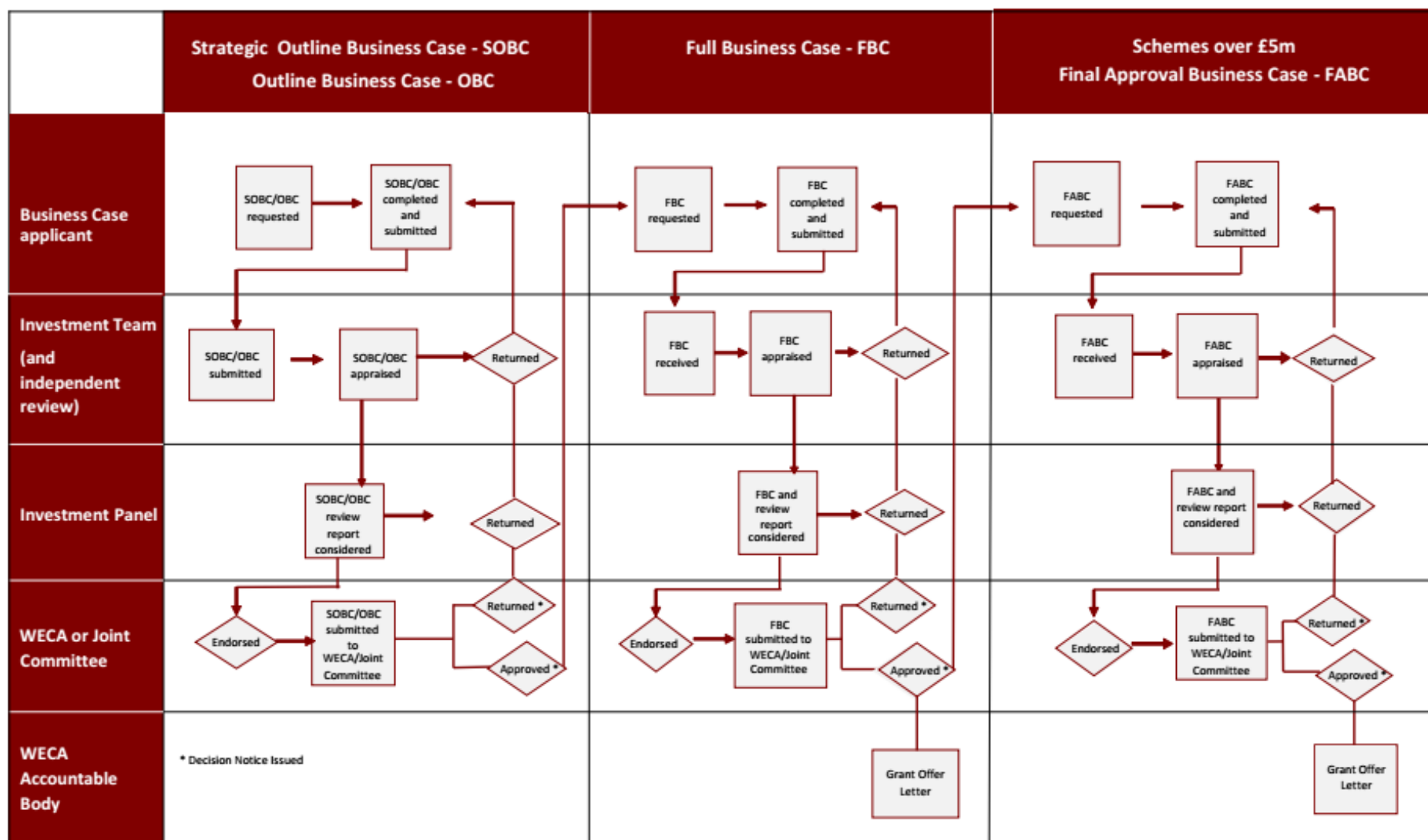


Figure 3.1: Business Case Development and Approval Process



### 3.5 West of England Investment Programme Management

95. A performance management system is used to collate, record and report on the progress of individual projects and the investment programme overall. Where projects do not achieve their milestones for delivery, projects will need to provide evidence to demonstrate that they will be able to get back on track or seek approval for change. Projects that consistently fail to meet projected performance (financial and outputs) may have funding withdrawn. Projects 'at risk' will be reviewed, and the outcomes of this process will be referred back to the WECA of Joint Committee, prior to any withdrawal of funding and decision on expenditure incurred. For the LEP funding programme the LEP Board will also be regularly advised on progress, issues and risks.
96. There are a number of mechanisms that will ensure effective management of the investment programme to maximise the economic impact within the area. These include:
- Designation of the WECA s151 officer as having overall responsibility for management and reporting on the performance of the investment programme to the Departmental Accounting Officer within MHCLG.
  - Ensuring suitable mechanisms and resources are in place to effectively monitor, evaluate and review the performance of projects in the investment programme in respect of delivery, expenditure and outputs/outcomes.
97. A monitoring system is in place for the investment programme to record financial expenditure and claims and the achievement of outputs and outcomes. Quarterly Highlight Reports are submitted to WECA providing progress against key milestones and actual and forecast spend. In addition, the achievement of key performance metrics – capturing outputs and outcomes achieved in pursuing WECA and the LEP Operating Framework, Business Plan and overall growth and wider objectives will be periodically reported linked to scheme Monitoring and Evaluation Plans. The template Highlight Reports for approved schemes and those awarded feasibility or development funding are shown in Appendix 9 and 10 respectively.

#### 3.5.1 Risk Management

98. A programme risk register for the overall investment programme is maintained and regularly reported to the Investment Panel. As set out in section 2.3.5, key risks added to the Corporate risk register will be monitored (alongside the performance monitoring procedures) by Internal Audit and reported to the Audit Committee. The WECA Chief Executive will be responsible for the identification and management of risk for the investment programme.
99. A risk management strategy and risk register forms part of the management case of each scheme OBC or FBC. Risks will be managed through appropriate mitigation measures agreed with the project applicant prior to approval of the scheme. Key and current risks will form part of the regular scheme highlight reporting.
100. Overall risk management for the investment programme will have regard to the ongoing monitoring of achieved investment performance against that projected. Appropriate measures will

be adopted to ensure that the monitoring of investments provides an informed basis for future investment decisions.

### **3.5.2 Project Closure**

101. All projects are required to produce an End of Project Delivery Report at the end of the project (within 3 months of completion), which demonstrates that:

- All activities have been delivered in accordance with the offer letter.
- All funding has been spent appropriately in line with the projected financial profile for the project. In addition, final grant claims are accompanied by an audit report.
- There are no outstanding risks or actions that need to be taken to sign the project off by WECA.
- All relevant outputs and key milestones have been achieved.
- The key successes and lessons learnt from the project.
- Confirmation of the evaluation activities to be subsequently undertaken, when these will take place and the lead contact who is responsible for ensuring this occurs.

102. A summary of these reports is published on the LEP website.

## 4 Monitoring and Evaluation

### 4.1 Overview

103. WECA's overall approach to Monitoring and Evaluation is underpinned by the following key principles:

- Reporting requirements are locally defined and support delivery of local strategies
- Evaluation is meaningful and proportionate
- Data is collected once and used many times
- Baseline information is consistent across key initiatives
- Monitoring and evaluation is a core part of all activities
- Lessons learned are used to inform future policy development

This will enable WECA to:

- Demonstrate local accountability. Show how funding is being spent and benefits achieved against local strategies and action plans, demonstrating the value and effectiveness of local decision making and shaping future priorities
- Comply with external scrutiny. Together with the Assurance Framework demonstrate progress and delivery to the constituent council members, senior government officials and Ministers
- Understanding what works. Provide a feedback loop and enables the lessons learnt to be fed back into policy making and communicated to stakeholders, as well as supporting the case for further devolution and investment in the area.
- Developing an evidence base. Provide a mechanism for collecting, collating and analysing data which can be used across the organisation and by others, following the principle of collecting data once and using many times.
- Ensure quality assurance. For interventions funded through investment programme Monitoring & Evaluation plans form part of business case submissions and these are independently reviewed and published to support business case approval decisions by the WECA or Joint Committee

### 4.2 Performance Monitoring

104. All projects funded through the investment programme, regardless of the size, will have an effective monitoring and evaluation plan in place which will form a key part of the business case. This will enable assessment of the effectiveness and impact of investing public funds, and the identification of best practice and lessons learnt that can inform decisions about future delivery.

The monitoring plan will guide the collection of data from individual projects and will be designed to ensure that it captures information required by WECA and government.

105. Individual monitoring and evaluation plans will be proportionate, correspond with procedures for appraisal, and be in line with the latest government department guidance where relevant. These plans will identify the resources required to deliver the proposed monitoring and evaluation activities. All transport schemes will follow Monitoring and Evaluation Guidance for Local Authority Major Schemes.
106. All monitoring and evaluation plans (which will form part of FBCs/FABCs) and interim and final monitoring and evaluation reports will be published on the WECA website.
107. The offer letter will set out the key milestones for the delivery of the scheme together with the outputs and outcomes detailed in the business case and embodied in the monitoring and evaluation plan. Quarterly monitoring returns will be used to capture progress against these agreed milestones and metrics and will include information related to:
  - Delivery
  - Expenditure
  - Outputs and outcomes
108. The individual project monitoring information will feed into an overall monitoring plan for the investment programme, which will be published and periodically reported to the WECA Committee, including the extent to which projects are contributing to the overall objectives of WECA.
109. For the WoEIF, the evaluation component of individual projects' monitoring and evaluation plans will complement the five-year Gateway Review. This government evaluation will focus on identifying the impact of investments made using this funding.

### 4.3 Evaluation and Benefits Realisation

110. Monitoring and Evaluation Plans, which form part of business cases, should identify the outcomes (benefits) planned to be delivered, how outcomes will be measured, a baseline assessment, and how it is intended to implement, monitor and assess the project to identify whether the benefits have been realised in line with the approach and timescales set out in the Plan. As set out in section 3.5.2, the End of Project Delivery Report will confirm the monitoring activities set out in the Monitoring and Evaluation Plan. This report will also identify lessons learnt to inform the future delivery of projects through the WECA and LEP investment programme and more widely.

## 5 Appendix 1

### Adult Education Budget

From 2019/20 WECA is responsible for administering the Adult Education Budget (AEB) within its area. Investment decisions for AEB will be made with full consideration to the statutory entitlements which are detailed in the orders laid down to devolve the functions for administering AEB to WECA.

A robust application process has been established, which to ensure stability for providers, for 2018/19 is closely aligned with the approach and processes used by the Education and Skills Funding Agency (ESFA).

The AEB application form and a suite of guidance for providers are provided on the WECA website

Due diligence on providers applications will be undertaken using a mix of ESFA processes (for current providers) and local arrangements (for new providers).

All decisions related to AEB funding awards will be made by the WECA Committee.

WECA is actively working with a range of stakeholders to support the development of the AEB system which delivers provision to WECA residents. These stakeholders include: providers, provider representative bodies, key local stakeholders (e.g. Local Authorities, DWP, VCSE infrastructure organisations, DfE/ESFA etc.). This work is conducted both through formal engagement routes (pre-arranged group meetings) and informal meetings (group & 1-2-1).

WECA will seek to work with a range of stakeholders in terms of the evaluation of devolved AEB. This will also include members of the West of England Skills Advisory Panel which will be operational by the end of the first year of devolved AEB operation.

WECA will report on the previous academic year findings to date each January, referencing the most up to date publicly available data at that point in time. This submission will include:

**a. The policy for adult education**

**b. AEB spend**

**c. Analysis of delivery to WECA residents**

**d. Local Impact** with regard to:

- Overall participation in AEB funded provision.
- Number of learners exercising their statutory entitlement to full funding for: i) english and maths up to Level 2; ii) first full level 2 (learners aged 19-23); and iii) first full level 3 (learners aged 19-23).
- Completion and achievement rates.

## 6 Appendix 2

### Change Management Delegations for the Investment Programme

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

## 7 Appendix 3

### WECA and LEP Joint Statement

#### **Advisory and challenge function:**

The West of England LEP provides a strategic advisory role at the heart of regional governance structures. The Chair has a seat at the table (non-member) at both the West of England Combined Authority and West of England Joint Committee ensuring that the business view is at the centre of regional decision making. All business board members are senior leaders, with a range of sectorial experience and bring invaluable sector expertise and insight on regional growth opportunities for the Local Industrial Strategy.

The role of the LEP Board as defined within it's Terms of Reference is:

- Shaping a compelling and ambitious strategic vision, strategy and brand for the region.
- Promoting, developing, supporting and championing the economic success of the region.
- Supporting the attraction of new inward investment and nurturing business development, innovation and creativity.
- Defining and articulating the LEP Boards view of regional infrastructure to support and reflect the region's continuing economic success and enabling a healthy and productive population to thrive.
- Shaping regional policy to ensure that the region has the higher-level skills it needs to deliver its ambitions for a high skills economy.
- Shaping regional policy to ensure all residents can compete for jobs and can benefit from the region's success.
- Promoting the regions' interests with Government

The membership of the Board ensures there is active and constructive debate at LEP Board meetings. Well evidenced, considered reports and presentations ensure that LEP Board members have the information and advice they need to engage effectively on all matters.

The LEP Board and Chair are able to draw directly on the expertise of the staff of the integrated WECA and LEP officer team to ensure appropriate support is provided.

#### **Alignment of decision-making across a clear geography:**

The West of England Local Enterprise Partnership covers the unitary authority areas of Bath and North East Somerset, Bristol City Council, North Somerset and South Gloucestershire. There are no boundary overlaps with surrounding Local Enterprise Partnerships.

There is a history of joint working across the West of England Local Enterprise Partnership geography that includes the development of a Joint Spatial Plan and Local Transport Plan.

In 2017 the West of England Combined Authority was established and covers the unitary authority areas of Bath and North East Somerset, Bristol City Council and South Gloucestershire.

As part of the establishment of WECA a new regional governance structure was introduced; this followed a full regional governance review. The structure aligns WECA and LEP decision-making to support close working and the delivery of economic growth projects across the West of England. The governance structure was developed in partnership and agreed with the Local Enterprise Partnership.

This governance structure, alongside the integrated WECA and LEP officer team, ensures that the relationship between the Combined Authority and Local Enterprise Partnership is strong and effective.

The LEP Board and Chair operate in an advisory capacity. All decisions related to funding are taken by the WECA or Joint Committee.

**Accountability:**

The accountable body for all LEP funding is the West of England Combined Authority. WECA is responsible for the proper administration and financial probity of the funds received. WECA will ensure the effective use of public money and have responsibility for the proper administration of funding received and its expenditure.

**Efficiency and corporate identity:**

The Chief Executive of WECA is also the LEP Chief Executive. WECA and the LEP have a shared officer team which promotes effective and efficient operation.

WECA and the LEP have their own branding and identity recognising that some work of the LEP is separate from and extends beyond WECA.

**Overview and scrutiny:**

The role of the WECA Overview and Scrutiny Committee is primarily to scrutinise the work and decisions made by the WECA or Joint Committee. In so far as the business of the LEP relates to the discharge of functions of WECA, the WECA Overview and Scrutiny Committee shall have the power to scrutinise the LEP.



## 8 Appendix 4

### LEP Publication Checklist

The Local Growth Assurance Framework
Annual Financial Statement [from 2019/20]
Annual Report and Delivery Plan [when published]
<a href="#">Statement on the publication of LEP Board meeting papers, minutes and agenda items</a>
<a href="#">LEP Board meeting agendas, papers and minutes</a>
<a href="#">LEP Board membership and Terms of Reference</a>
<a href="#">Annual Assurance Statement from the leadership of the LEP</a>
<a href="#">The LEP's Code of Conduct and Conflict of Interest policy</a>
<a href="#">Board Members' registers of interest</a> and the register of the <a href="#">Chief Executive Officer</a>
<a href="#">The LEP hospitality and expenses register</a>
<a href="#">Complaints policy</a>
<a href="#">Whistleblowing policy</a>
<a href="#">The LEP funding programme with a description of the scheme, the promoter and the funding awarded</a>
<a href="#">Annual Funding Report detailing projects in receipt of funding and grant payments made</a> [2017/18]
<a href="#">Strategic Economic Plan</a>
<a href="#">WECA Operating Framework</a>
<a href="#">WECA Business Plan</a>
Local Industrial Strategy [when published]
<a href="#">WECA Committee Reports</a> and <a href="#">Joint Committee Reports</a>

## 9 Appendix 5

### 9.1 Methodology to Assess Value for Money for Various Scheme Types

#### 9.1.1 *Transport*

Schemes will be subject to the minimum requirements on VfM assessment, assurance and evaluation of transport projects set out in Annex B of the National Local Growth Assurance Framework Guidelines. The minimum requirements are set out below. These will apply to all transport schemes aside from those in the LGF programme which are below £5m and have already secured Outline Business Case approval under the requirements of the previous LEP assurance framework.

- The modelling and appraisal of schemes contained in business cases must be developed in accordance with the guidance published in WebTAG at the time the business case is submitted for approval.
- Central case assessments must be based on forecasts which are consistent with the definitive version of NTEM (DfT's planning dataset). Alternative planning assumptions may be considered as sensitivity tests the results of which may be considered in coming to a decision about whether to approve a scheme.
- The appraisal and modelling will be scrutinised to ensure it has been developed in accordance with WebTAG principles. This will be undertaken independent of the management unit or authority promoting the scheme.
- A value for money statement for each scheme in line with published [DfT WebTAG guidance](#) and [DfT advice on assessing VfM](#) will be presented for consideration at each approval stage.
- The VfM assessment must be signed off as true and accurate by WECA's s151 Officer.
- Only schemes that offer at least "high" value for money, ie with a BCR above 2 and accounting for significant non-monetised impacts and key uncertainties have been considered, as assessed using DfT guidance will be approved aside from the circumstances outlined in section 3.3.3 of this framework. Schemes will be assessed against the relevant thresholds at each approval stage.
- Business cases must be published (and publicised) before a decision to approve funding is made so that external comment is possible. Opinions expressed by the public and stakeholders must be available to decision makers when decisions are being taken (see section 2.2.3)
- Schemes will be monitored and evaluated in line with the latest DfT guidance on the evaluation of local major schemes.

#### 9.1.2 *Housing and Commercial Interventions*

Arrangements will be based on Homes England good practice, advice and guidance, alongside MHCLG's appraisal guide for residential and non-residential development. For projects beyond housing and transport interventions, for example enabling works, land assembly, utilities and/or public realm projects, the HMCLG appraisal guide will be useful in helping to appraise the costs and benefits of these types of interventions.

### *9.1.3 Skills Capital*

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

### *9.1.4 Growth Hubs*

The Growth Hub will comply with the 'principles of funding' which includes using robust monitoring and evaluation systems to exercise continuous service improvement, ensure excellence in quality delivery and deliver greater levels of impact on business.

## 10 Appendix 6

### 10.1 [Outline Business Case Template](#)

## 11 Appendix 7

### 11.1 [Full Business Case Template](#) and [Guidance](#)

## 12 Appendix 8

### 12.1 [Feasibility and Development Funding Application Form Template](#)

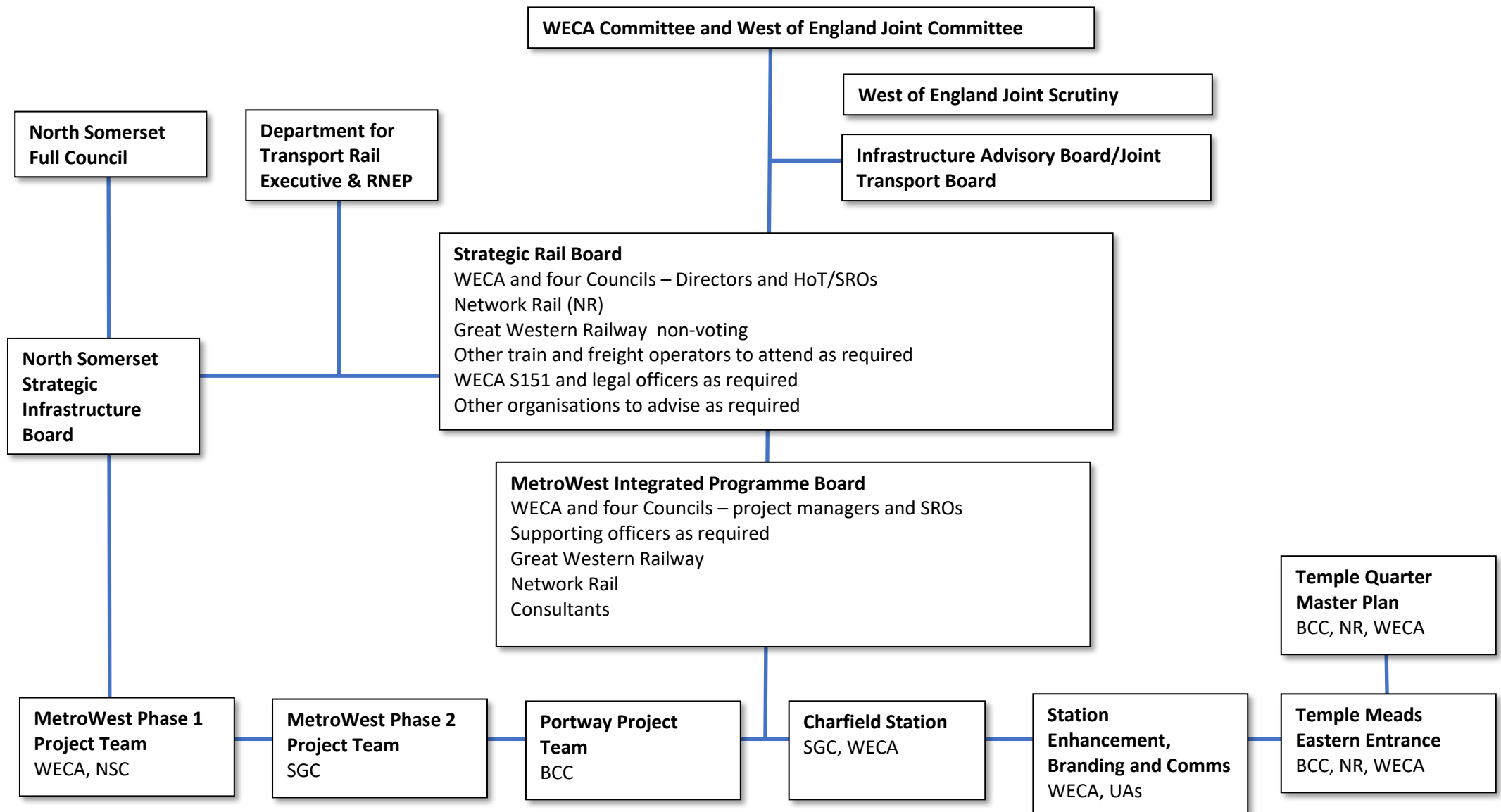
## 13 Appendix 9

### 13.1 [Scheme Highlight Report Template](#)

## 14 Appendix 10

### 14.1 [Feasibility and Development Scheme Highlight Report Template](#)

## Appendix 5 - MetroWest Phase 1 Governance Chart



## **Appendix 6 - Letter from Ardent confirming the total property cost estimate for the DCO Scheme**



James Willcock  
MetroWest Phase1 Project Manager  
Development & Environment  
North Somerset Council  
Town Hall  
Walliscote Grove Road  
Weston-super-Mare  
BS23 1UJ

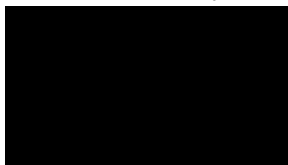
9<sup>th</sup> September 2019

Dear James,

### **MetroWest Scheme – Property Cost Estimate**

I write to confirm the position on land acquisition costs relating to the MetroWest Phase 1 Development Consent Order. Ardent undertook an exercise to produce a Property Cost Estimate in June 2019 which looked at all the elements which could give rise to a compensation claim including compensation due under Part 1 of The Land Compensation Act 1973. The total estimated cost was **£3,461,538**.

Yours sincerely,



**Steve Yates MRICS**

**Managing Director, Compulsory Purchase and Consents**