

## **RAG Rating Guidance for LEPs**

The Growth Deal project RAG rating system is designed to measure progress made towards delivery of a project, and risk associated with delivery. LEPs should use this document to set their own RAG rating. It is a self-assessment, and evaluations of performance should be in comparison to previous periods.

We recommend that the initial baseline project RAG ratings should be set in consultation with your Area Lead. The RAG rating is designed to be compared to previous periods and therefore it can demonstrate progress made in addressed challenges quarter by quarter. For example, showing that a project has progressed from Amber to Amber/Green.

The RAG rating takes into account three factors to assess the impact the challenges faced by the project will have on its overall deliverability, shown in figure 2. Add the score for each section to come to a total which will determine the overall RAG rating for the project. The scores correspond to a colour, e.g. Amber/Green, as shown in figure 1. The spreadsheet will show the colour for each project and will also show an average rating for the whole LEP on the dashboard.

Where project characteristics meet the majority of the criteria, projects should be classified as such. If you are unsure your area lead will be able to advise in the first instance.

The RAG rating should reflect the stage of the project. For example, if a project has been approved and allocated funds but is yet to secure planning permission then it is high risk. If a project has delivered a high number of outputs then it is likely to be low risk.

We recognise that projects vary in size, scale and scope. These variations can be taken into account when RAG rating your project. For example, a £200,000 skills project with a 10% financial variance may recover quickly the following quarter and may not have a reputational impact. You will be given an opportunity to explain your RAG rating to your Area Lead, and should be prepared for this.

Figure 1: RAG Ratings


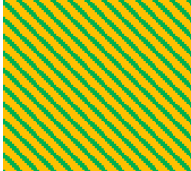

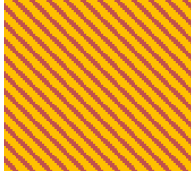

				
3	4 - 6	7 - 9	10 - 12	13 - 15

Figure 2: RAG Rating Formula for LEPs

DELIVERY	SCORE	FINANCES	SCORE	REPUTATION	SCORE
Major issues have caused significant delays (more than 3 months); processes have been interrupted or not carried out correctly (e.g. planning permission has not been secured); or significant changes have had to be made to the aims and scope of the project. Project likely to under deliver forecast project outputs.	5	A variance of over 10% against profiled financial forecast (total expenditure) or significant changes to project finances required (increases or decreases) due to poor or delayed delivery.	5	Challenges with project are undermining LEP credibility with public or key stakeholder. This negative reputation will continue longer term and be hard to recover from.	5
Issues have arisen causing longer delays to the timetable (3 months or more) but no significant changes required to overall project aims and scope. Correct processes are not yet developed. Outputs	4	A variance of between 7% & 10% against profiled financial forecast (total expenditure). Budget changes have been required due to issues with project delivery.	4	Significant damage to LEP credibility with public or key stakeholder for sustained period or at critical point.	4

may still be deliverable but challenging.					
Issues have arisen causing longer delays to the timetable (less than 3 months). Correct processes will be achieved but are not yet developed. Outputs deliverable but will require re-profiling.	3	A variance of between 5% & 7% against profiled financial forecast Some budget changes have been required.	3	Undermine LEP credibility with public or key stakeholder in short term.	3
Minor issues have arisen causing small delays. Correct processes are developed. Project is on track to deliver outputs.	2	A variance of between 2% & 5% Small re-profiling changes to budget required.	2	May lead to widespread criticism.	2
No significant problems arisen in previous quarter. Correct processes are in use. Project is on track to deliver outputs.	1	A variance of up to 2%. Spend is largely on track with any minor slippage expected to be picked up by end of next quarter.	1	May lead to minor external criticism.	1