

Audit, Risk & Assurance Committee

Date	19 July 2023
Report title	Single Assurance Framework (SAF) Assurance Performance Report – January to March 2023
Portfolio Lead	
Accountable Chief Executive/WMCA Director	Linda Horne – Executive Director of Finance & Business Hub
Accountable Employee	Joti Sharma – Head of Programme Assurance & Appraisal
Report has been considered by	WMCA Strategic Leadership Team

Recommendation(s) for action or decision:

Read this report and note its contents for information. The report provides reassurance that the WMCA continues to support embedding the Single Assurance Framework (SAF) arrangements at WMCA (this is to support increase in project management capability within the organisation).

Audit, Risk & Assurance Committee (ARAC) is recommended to:

This report follows on from the Single Assurance Framework (SAF) update shared with Audit, Risk & Assurance Committee (ARAC) previously in April 2023. ARAC had requested that Programme Assurance & Appraisal Team present assurance thematic performance information on a quarterly basis.

1. Purpose

This report details thematic programme assurance information from WMCA projects that have been assured through the Single Assurance Framework (SAF) – this applies to projects funded through devolved investment funds only. This report will help demonstrate progress being made by projects and WMCA directorates transitioning to new SAF assurance and governance arrangements and includes Programme Assurance and Appraisal Team activity from January to March 2023.

2. Background

Single Assurance Framework (SAF) Implementation Progress

2.1 As reported to ARAC previously, the WMCA SAF has been implemented across all WMCA directorates and the SAF Framework document has been updated to reflect national guidance and approved by WMCA Board accordingly to meet annual refresh expectations. This was to mitigate the risk of non-compliance to mandatory devolution commitments.

2.2 The tables below summarises the historical Programme Assurance and Appraisal Team engagement across all WMCA Directorates between April 2021 and March 2022.

REPORTING PERIOD	DIRECTORATE/ EXTERNAL ORG.	Business Case Assessment (BCAT)	Health Check	Risk & Investment Appraisal	Change Requests
(Q1& Q2) TOTAL		7	2	9	6
Q3 TOTAL		6	2	6	4
Q4 TOTAL		8	3	15	13

2021/2022		21	7	30	23
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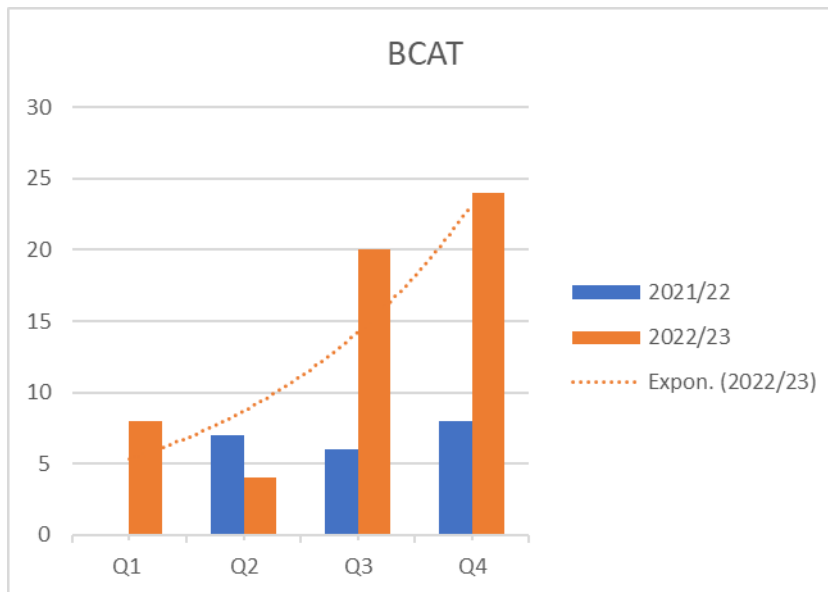
2.3 The tables below summarises Programme Assurance and Appraisal Team activity between April 2022 and March 2023. It demonstrates engagement across all WMCA Directorates and an overall increase in activity over time.

REPORTING PERIOD	DIRECTORATE/ EXTERNAL ORG.	Business Case Assessment (BCAT)	Health Check	Risk & Investment Appraisal	Change Requests
April – June 2022 (Q1)	TfWM	5	0	9	0
	Strategy, Innovation & Net Zero (SINZ)	0	1	2	0
	Greater Birmingham & Solihull LEP	0	1	1	0
	Economy, Skills & Communities	3	0	1	0
	Investment Programme	2	0	2	1
Q1 22 TOTAL		8	2	15	1
July – Aug 2022 ¹ (Q2 – 2 months)	TfWM	1	0	2	1
	Strategy, Innovation & Net Zero (SINZ)	1	1	1	0
	Economy, Skills & Communities	1	1	0	0
	Investment Programme	1	0	0	1
Q2 22 TOTAL		4	2	3	2
Oct – Dec 2022 (Q3)	TfWM	15	0	11	4
	Strategy, Innovation & Net Zero (SINZ)	1	0	1	1
	Economy, Skills & Communities	1	37	2	1
	Investment Programme	3	0	3	7
Q3 23 TOTAL		20	37	17	13
Jan – Mar 2023 (Q4)	TfWM	13	0	9	1
	Strategy, Innovation & Net Zero (SINZ)	5	0	3	0
	Economy, Skills & Communities	4	0	4	6
	Housing, Property & Regeneration	1	0	1	0
	Investment Programme	1	0	0	0
Q4 23 TOTAL		24	0	17	7

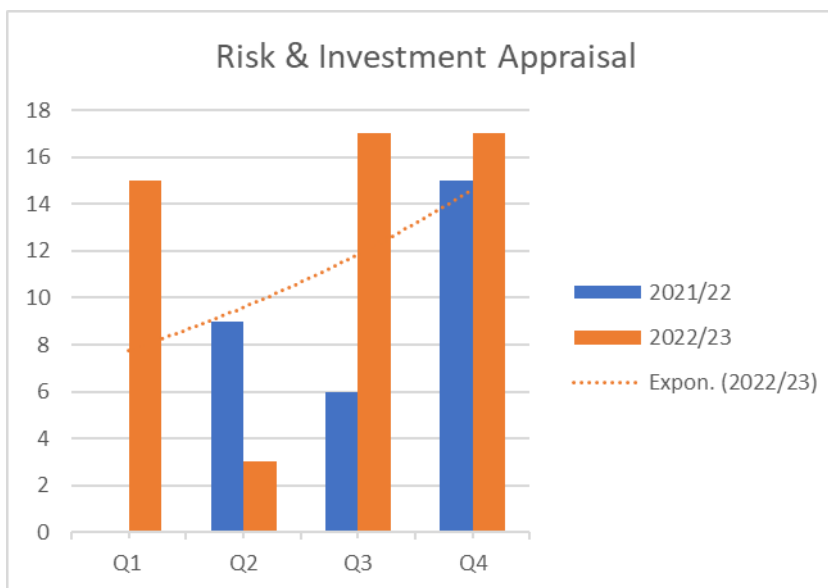
2023/24		52	41	52	23
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High Level SAF Trend Observations

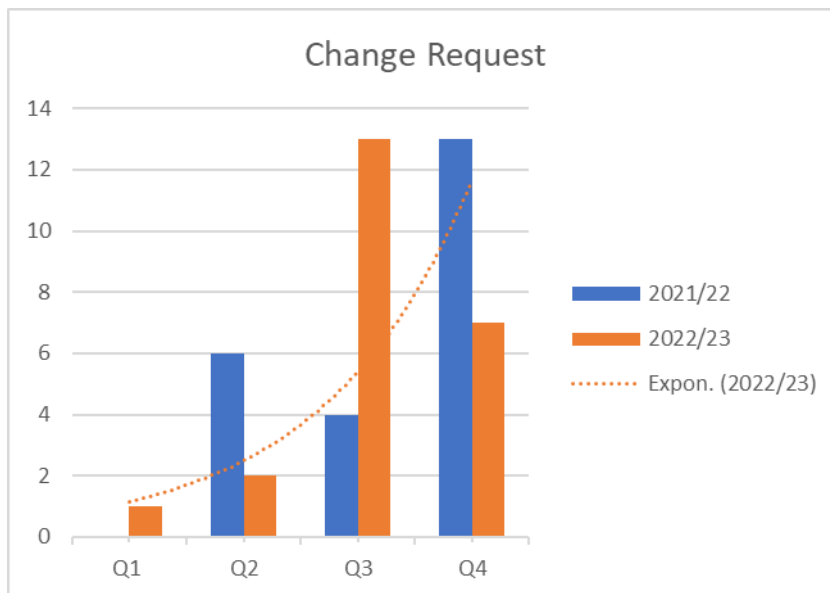
2.4 The number of Business Case Assurance Reviews (BCATs) completed has increased 25% in this quarter, and an increase of 200% compared to the same period in the last financial year. This has helped drive improvements to business cases prior to them being submitted for Risk & Investment Appraisal and approval. Most importantly the assurance activity and strengthening of the draft business cases reduced WMCA risks exposures at the point when the formal investment and risk appraisal was undertaken on the final business case.



2.5 The number of Risk & Investment Appraisal reports been received at the same rate as the previous quarter. However, they have increased in comparison to this time last year. Q3 last year was considered busy at the large Transport programme (CRSTS) was being initiated. So as appraisal activity has still grown in comparison to last year is a positive sign.



2.6 The number of Change Requests undergoing the Risk & Investment Appraisal process fallen 50% in this quarter and 50% down compared to the same period in the last financial year. This has been identified as an area of additional focus for next year. A Training module and refreshed communications are going to be shared with WMCA Delivery Directorates.

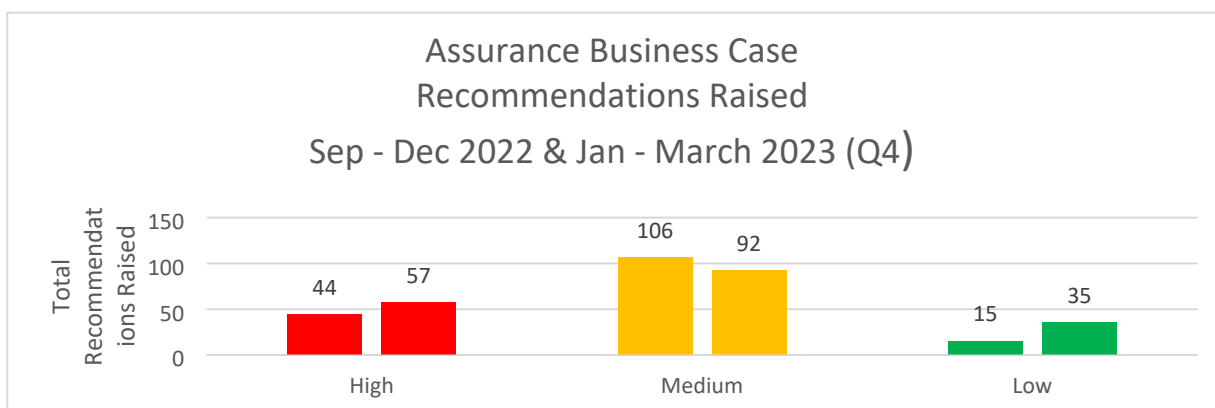


Assurance Performance Analytical Insights (January – March 2023)

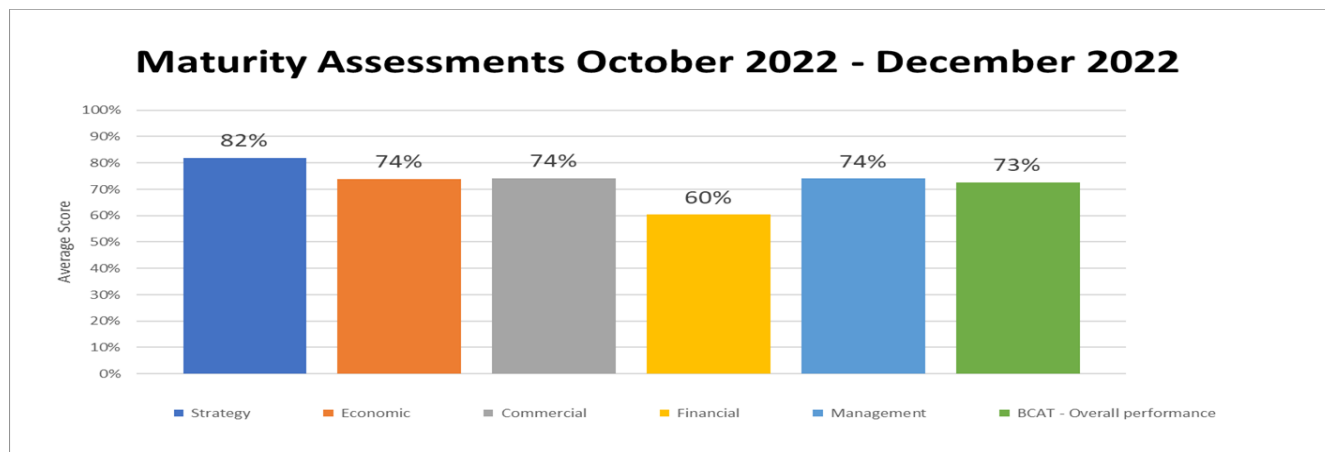
3. Business Case Maturity Assurance Reviews (BCAT)

3.1 In Q4 (Jan – Mar) 24 Business case maturity assessments were undertaken in this period, with 58 high priority recommendations raised compared to 16 maturity assessments completed and 32 high priority recommendations in Q3 (Oct- Dec.) Q4 was significantly higher due to the Commonwealth Games business case submissions. The number of business cases increased in Q4, therefore the number of recommendations in Q4 was significantly higher. This was largely due to the CWGLF business cases being developed and submitted at pace.

3.2 The graph below shows during the period Sept 22- March 23, 44 Business cases were submitted. The general trend in the red and amber recommendations are reducing.



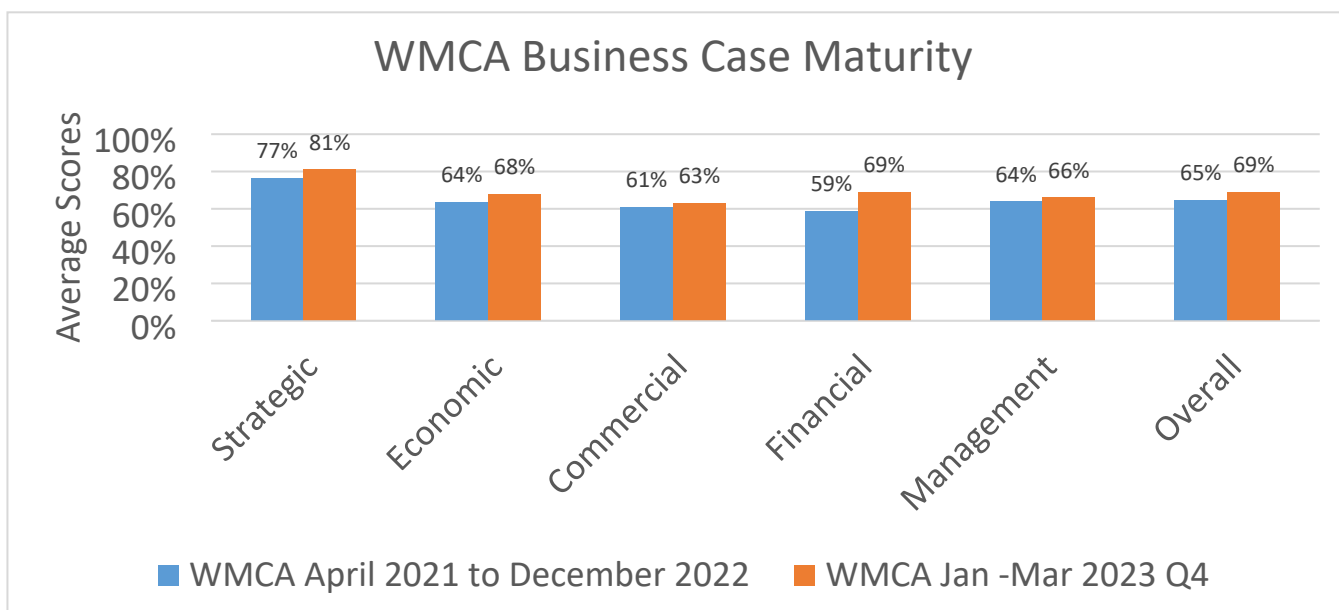
3.3 The following charts provide an overview of the assessed maturity of each Business Case dimension.



3.4 There were common themes across all 5 of the cases. A summary is provided in the table below:

Business Case Stage	Finding	Recommendation
Strategic	<ul style="list-style-type: none"> Objectives not SMART CSFs poorly formed 	<ul style="list-style-type: none"> Strengthen guidance.
Economic	<ul style="list-style-type: none"> Benefits realisation plan and value for money options appraisals incomplete. 	<ul style="list-style-type: none"> Strengthen guidance on providing benefits realisation plans and improve value for money option appraisals.
Commercial	<ul style="list-style-type: none"> Maturity is poor compared to other business case dimensions due to engagement and strategy approach / documents. 	<ul style="list-style-type: none"> Improve engagement with Procurement and improve Procurement strategy approach/ documents.
Finance	<ul style="list-style-type: none"> Maturity is poor compared to other business case dimensions. Incomplete/inaccurate financial information. 	<ul style="list-style-type: none"> Strengthen guidance. SAF training for all the Finance Team.
Management	<ul style="list-style-type: none"> Documentation e.g. RAID, Project plan schedule and change control. 	<ul style="list-style-type: none"> Improve guidance in Directorate pipeline meetings.

3.5 The following chart demonstrates how business case maturity is generally improving over time.



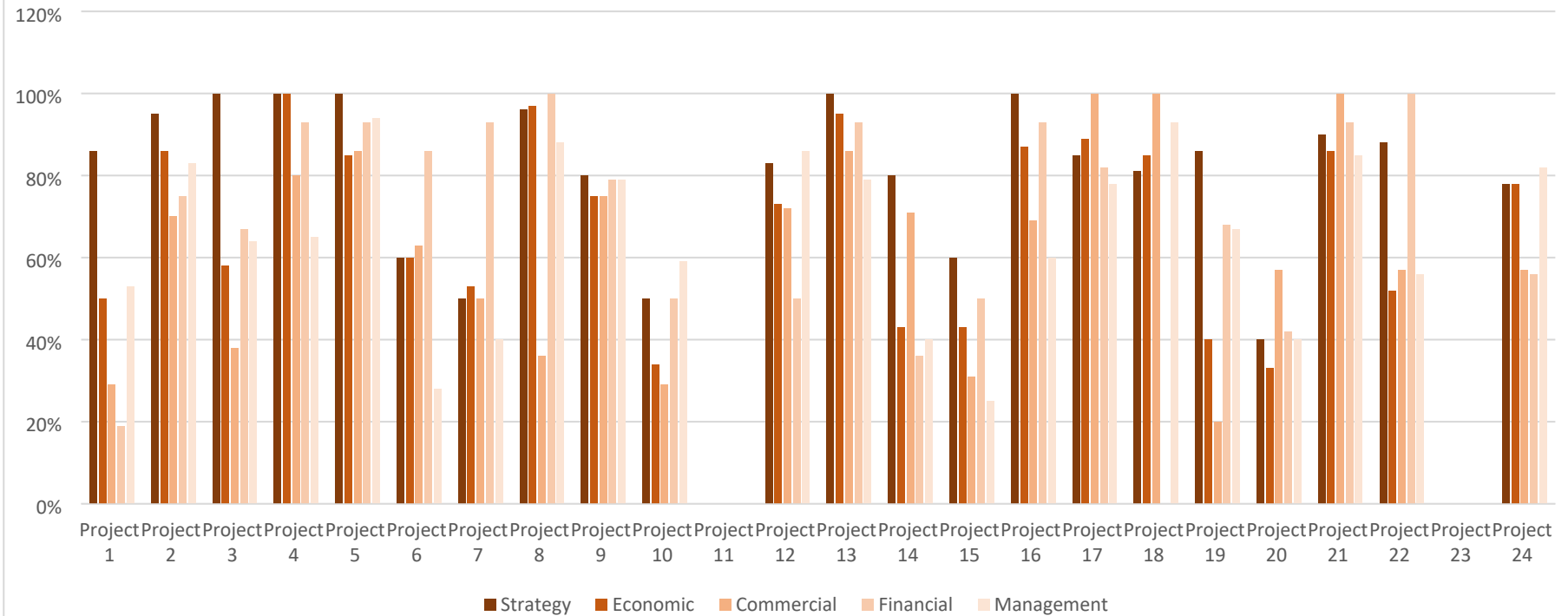
3.6 The total assessed maturity levels of each Business Case Dimension are above.

Key points:

- An improvement can be seen in Q4 (Jan – March 23) data against the April 2021 to Dec 2022 data. This improvement may be attributed to the following:
 - SAF training launched 2023.
 - Updated Business Case templates launched January 2023
 - Updated Business Case guidance launched March 2023

3.7 The following chart provides a detailed overview of business case maturity by project. Project 11 was a joint approach with Appraisal team hence no data was entered and project 23 was a similar joint approach.

Assurance Business Case Maturity Assessment
Jan - Mar 2023

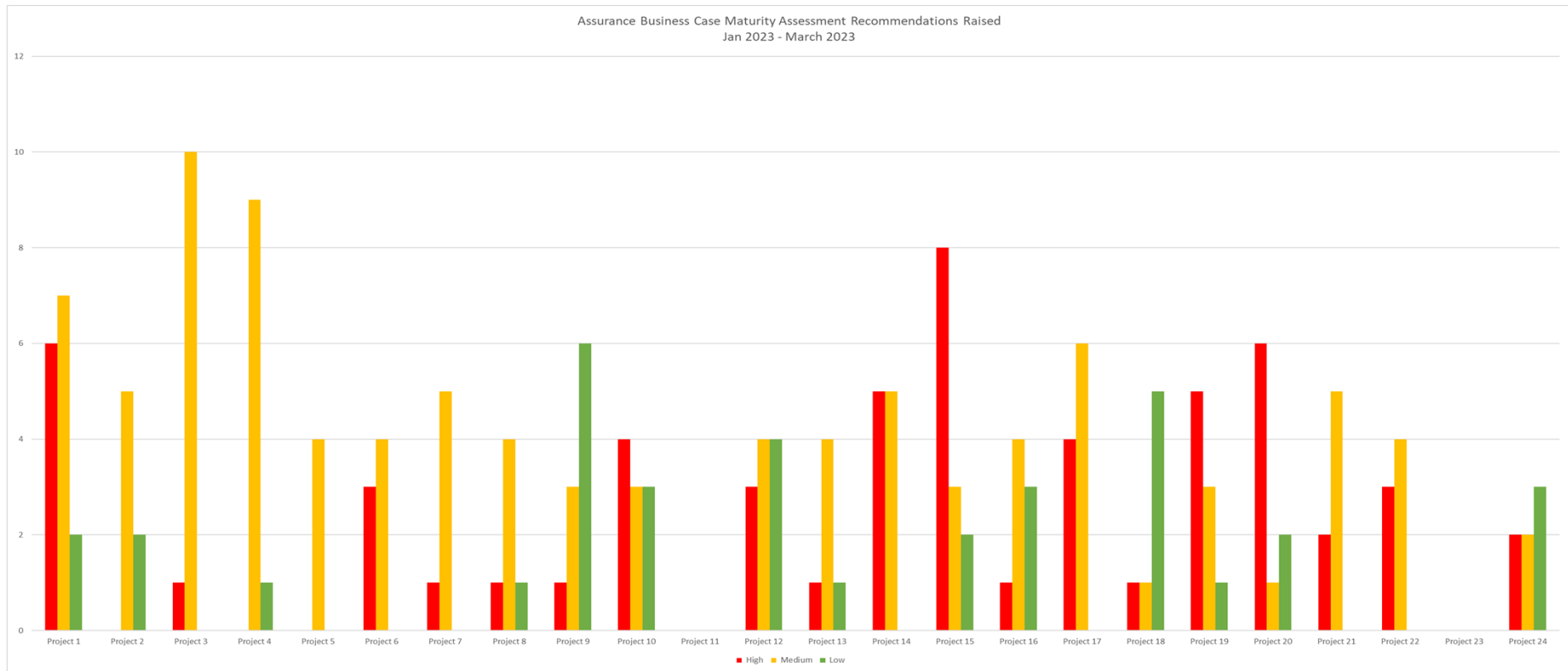


3.8 Key Observations between Q3 & Q4 (Business Case Maturity against HMT Green Book – Central Government Guidance on Appraisal & Evaluation)

- The number of business cases increased in Q4 compared to Q3 because the number of recommendations in Q4 was significantly higher. This was largely due to the CWGLF business cases being developed and submitted at pace which impacted the quality of the business case submissions.

3.9 Key Observations between Q3 & Q4 – Assurance Recommendations:

The number of business cases increased in Q4 compared to Q3 because the number of recommendations in Q4 was significantly higher. This was largely due to the CWGLF business cases being developed and submitted at pace which impacted the quality of the business case submissions.



Project & Programme Health Check Reviews

3.10 No Health Checks were completed in Q4 (Jan- March) by Assurance. To further drive this assurance best practice with more projects moving into the delivery phase. A Programme of risk-based Health Check programme was approved by WMCA Senior Leadership Team in March 2023. This will be implemented throughout 2023-24 to help drive organisational improvements in Project and Programme Management activity. It is anticipated that approximately 10 programme level health checks will be undertaken throughout the year.

Risk & Investment Appraisals Reviews

3.11 A total of 19 Risk & Investment Appraisals were completed by the Appraisal team during the period, in comparison to the 13 undertaken in the last reporting period. It should be noted that the end of fiscal year 2022/23 impacted the number of approvals coming forward during this time. A summary of these is detailed in the table below:

Funding Source	Business Cases Appraised
Active Travel England	5
British Film Institute (BFI)	1
Brownfield Housing Fund	1
City Region Sustainable Transport Settlement (CRSTS)	2
Department for Business, Energy & Industrial Strategy (BEIS)	1
Department for Digital, Culture, Media & Sport (DCMS)	1
Department for Education (DfE)	1
Department for Levelling Up, Housing and Communities (DLUHC)	2
Department for Transport (DfT)	2
Investment Programme	1
Innovate UK	1
Sport England	1

3.12 Most business cases received during this period were <£5m with approval delegated to Executive Director or Executive Board. The Appraisal team continue to recommend most business cases for approval, though with some conditions to address weaknesses where this is felt appropriate. The appraisal team felt that adequate planning and risk mitigations were in place to provide confidence to commence project delivery. The most common causes of risks being identified are:

- Misalignment between government delivery timescales/documentation requirements and SAF is resulting in the identification of both delivery risks and governance risks
- Lack of input/engagement from internal stakeholders when developing the business case, leading to potential weaknesses in project delivery
- Weak linkage between business cases and delivery, with a need to strengthen monitoring and evaluation planning in business case development is resulting in the identification of operational risks

3.13 To mitigate the above risks, the SAF Business Case templates and guidance material will enter a yearly review and update cycle in July 2023. The changes required will be based on the need to strengthen input from enabling services and to encourage all projects and programmes to demonstrate alignment to the Inclusive Growth Framework.

Change Request Reviews

- 3.14 A total of 9 Change Requests were processed by the Programme Risk & Investment Appraisal team during the period. The change trends include time extensions due to delays as a result of Covid-19 and re-scoping programmes that were originally scoped in 2016, however the case for change has weakened over time hence an updated baseline with new outputs and outcomes were required. There are also 3 change requests identified as 'opportunities' due to the availability of increased Central Government funding to enhance the scope and value of existing projects and programmes.
- 3.15 Most Change Requests have been received from Investment Programme, this is because it is the most mature programme with SAF controls and closely monitored by the Investment team. A deep dive review of the Investment Programme was undertaken during this reporting period with project teams which resulted in several CRs being received. All CRs were reviewed by the Appraisal team prior to approval being sought.
- 3.16 A summary of these changes is detailed in the table below:

Funding Source	No. Change Requests Appraised
Active Travel England	1
Investment Programme	6
Department for Digital, Culture, Media & Sport (DCMS)	1
Department for Business, Energy & Industrial Strategy (BEIS)	1
Change Request Type	No. Change Requests by type (note, some changes fall into multiple change types)
Scope (Objective Changes)	3
Value (Cost)	5
Schedule (Time)	5
Change Request Root Cause	No. Change Requests by type (note, some changes fall into multiple root causes)
Governance	2
Economic	3
Reputation	1
Financial	1
Opportunity	4
Operations	1
Delivery	4
Political	1

Change Requests Appraised		Time	Cost	Scope
Q2 – April – Sept 2022	3	2	2	1
Q3 – Oct – Dec 2022	12	10	4	6
Q4 – Jan – March 2023	9	5	5	3

4 Assurance Performance Trends & Themes Identified January to March 2023

Key emerging assurance themes emerging from this reporting period are:

- a. Referring to tables presented in 2.2 and 2.3 demonstrates a positive trend that the number of business case assurance reviews, health checks, programme risk & appraisal reviews and change requests have all increased significantly in the past 12-18 months.
- b. The same data however does indicate that there has been contrasting number of business cases from the Housing, Property and Regeneration Directorate in comparison to other WMCA Delivery Directorates. There have been meetings held with this Directorate and confirmation has been received that due to the nature of these types of projects, it takes longer to develop business cases as they work through planning implications of potential projects. The Directorate are currently preparing to update a Programme level business case and send that to the Programme Assurance & Appraisal team for appraisal prior to approval. One Project Case has been through the full SAF cycle in this reporting period and the Directorate have informed that there will be 2 more business cases submitted to SAF shortly.
- c. Overall, the number of red assurance recommendations on the draft business cases has reduced across the year which again indicated a positive trend as the most critical recommendations are reducing. This could also be interpreted that organisational learning is taking place in Delivery Directorates as the most significant gaps in evidence in business cases has reduced over time.
- d. Business Case maturity on the draft business cases is approximately 60-82% across the 5 cases in the HM Treasury business case model. These are the 5 dimensions that SAF business cases are based upon and request robust evidence to be presented to prove the Commercial, Strategic, Economic, Financial and Management Case for the project. It has been seen that the business cases generally mature further past this baseline once the assurance recommendations are actioned prior to the formal risk & investment appraisal stage.
- e. The programme assurance insights based on the draft business cases now provide the basis for developing continuous improvement plans for SAF where further engagement and support is needed to address common risks. The Programme Assurance & Appraisal team will work with the wider Enabling Services teams and Delivery Directorates to develop actions to close these gaps.
- f. As part of this improvement plan, the Programme Assurance & Appraisal team have scheduled to meet Delivery Directorates as a minimum on a quarterly basis. Head of Programme Assurance & Appraisal will meet with each Executive Director to discuss each of their portfolios in closer detail from a business case assurance perspective. This is to support driving improvement in programme management capability within each directorate and address any root cause issues within each directorate and develop appropriate development and support plans if required.

5 Executive Board Support

5.11 The SAF Implementation project's SRO is the Director of Finance. The Executive receive monthly progress reports of the SAF Implementation project via the Executive Director of Finance.

6. Financial Implications (*)

No implications.



7. Legal Implications

No implications.

8. Equalities Implications

No implications.

9. Inclusive Growth Implications

No implications.

8. Geographical Area of Report's Implications

All areas.

9. Other Implications

N/A

10. Schedule of Background Papers

N/A