

Audit, Risk & Assurance Committee

Date	4 October 2023
Report title	Single Assurance Framework (SAF) Assurance Performance Report – April to June 2023
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Report has been considered by	WMCA Executive Board

Recommendation(s) for action or decision:

Audit, Risk & Assurance Committee is recommended to:

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).

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

1. Purpose

- 1.1 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.

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 summarise Programme Assurance and Appraisal Team activity between April 2022 and June 2023. It demonstrates engagement across all WMCA Directorates and an overall increase in activity over time.

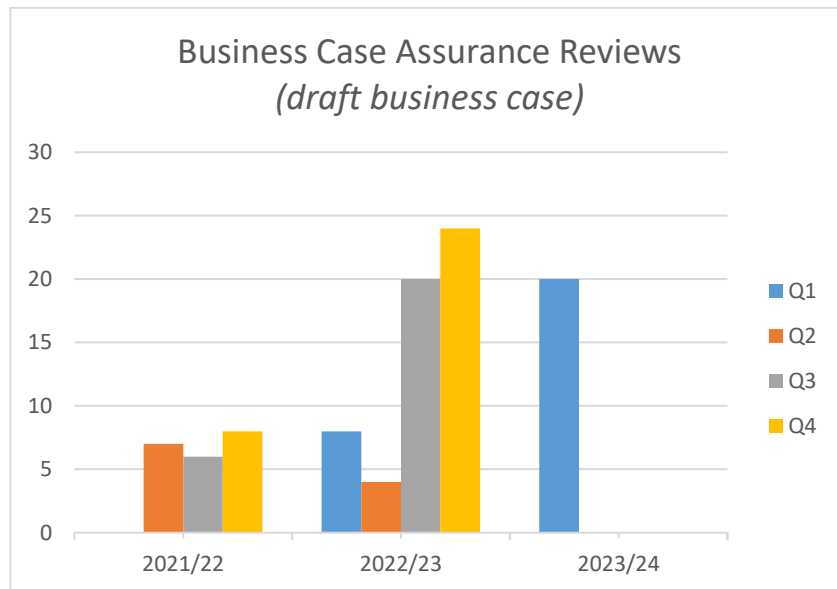
REPORTING PERIOD	DIRECTORATE/ EXTERNAL ORG.	Business Case Assessment (BCAT)	Health Check	Risk & Investment Appraisal	Change Requests
April – June 2022 (Q1)	TfWM	5	0	9	0
	Strategy, Innovation & Net Zero (SINZ)	0	1	2	0
	Greater Birmingham & Solihull LEP	0	1	1	0
	Economy, Skills & Communities	3	0	1	0
	Investment Programme	2	0	2	1
2022/ Q1 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
2022 Q2 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
2022 Q3 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
2023 Q4 TOTAL		24	0	17	7

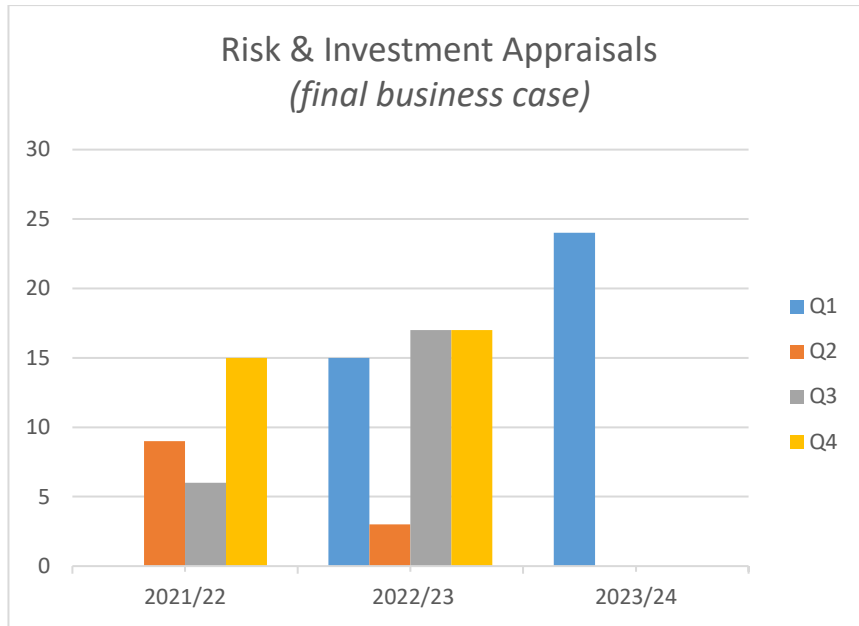
Apr – Jun 2023 (Q1)	TfWM	5	1	7	10
	Strategy, Innovation & Net Zero (SINZ)	4	1	6	0
	Economy, Skills & Communities	10	0	10	0
	Housing, Property & Regeneration	1	0	1	0
	Investment Programme	0	0	0	1
2023 Q1 TOTAL		20	2	24	11

High Level SAF Trend Observations

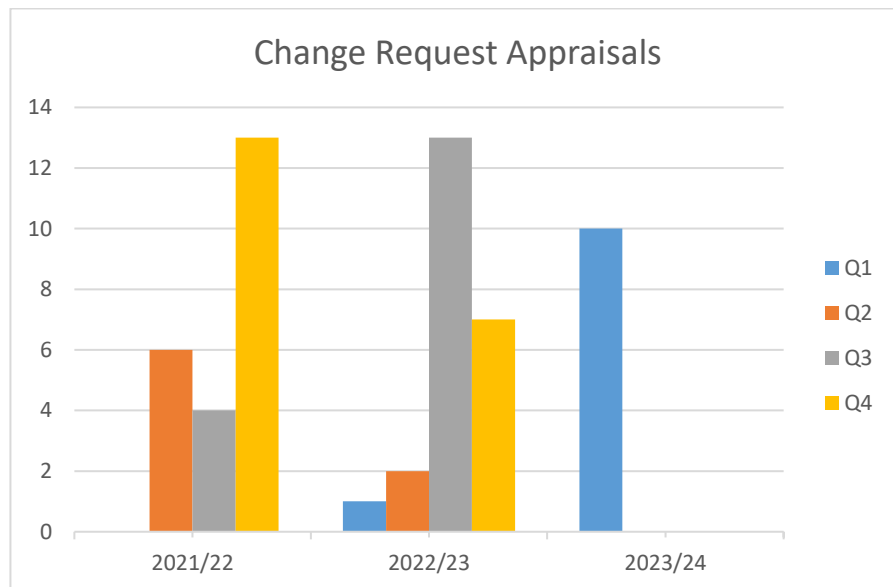
2.3 The number of Business Case Assurance Reviews (BCATs) completed has decreased 17% in this quarter, however there was an increase of 150% compared to the same period in the last financial year. This has helped drive improvements to draft business cases prior to them being submitted for formal Risk & Investment Appraisal. Most importantly the assurance activity and strengthening of the draft business cases reduces WMCA risks exposures at the point when the formal investment and risk appraisal is undertaken on the final business case.



2.4 The number of Risk & Investment Appraisals undertaken by the team increased by 41% in this quarter. This is a further increase in comparison to the same period last year (by 60%). Q3 last year was considered busy at the large Transport programme was being initiated at that time. So as appraisal activity has grown further still in comparison to last year is a positive sign.



2.5 The number of Change Requests undergoing formal independent Risk & Investment Appraisal increased by 43% in this quarter and an increase by 900% 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.

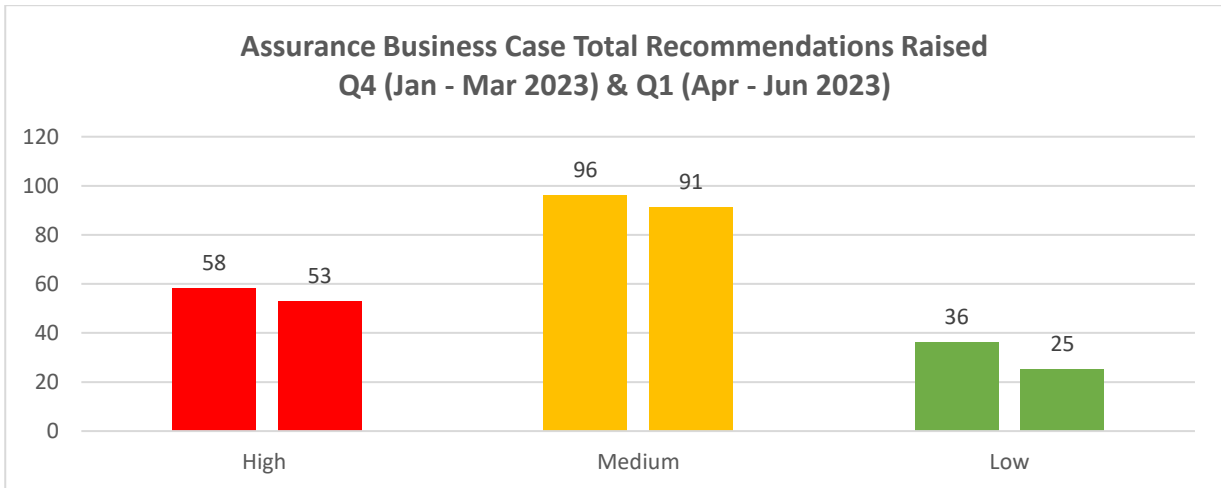


Assurance Performance Analytical Insights Q1 (April – June 2023)

3. Business Case Maturity Assurance Reviews (BCAT)

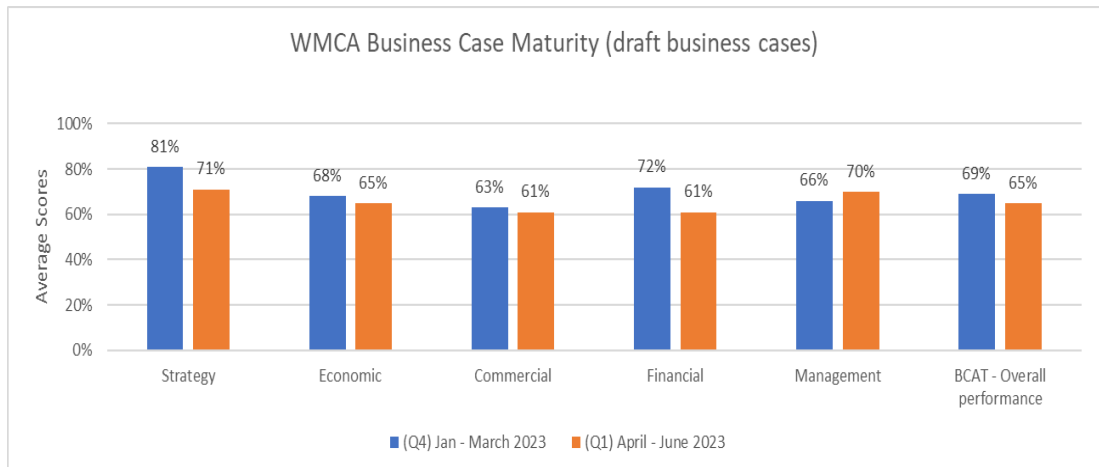
3.1 In Q1 (Apr – June) 20 Business case maturity assessments were undertaken in this period, with 53 high priority recommendations raised. This is compared to 24 business case maturity assessments completed and 58 high priority recommendations in Q4 (Jan - Mar.)

3.2 The graph next shows the trend during the period Jan – Mar (Q4) & April – June 2023 (Q1). There were fewer overall recommendations as there were fewer business case reviews. However, encouragingly the trend demonstrates, there are fewer red rated recommendations in comparison to amber and green overall. The formal risk and investment appraisal review will confirm to decision makers how many of the recommendations have been accepted and closed out. Greater focus is given to ensure red rated recommendations have been closed out by the time a final business case is presented for approval or there is a plan to address the risk raised.



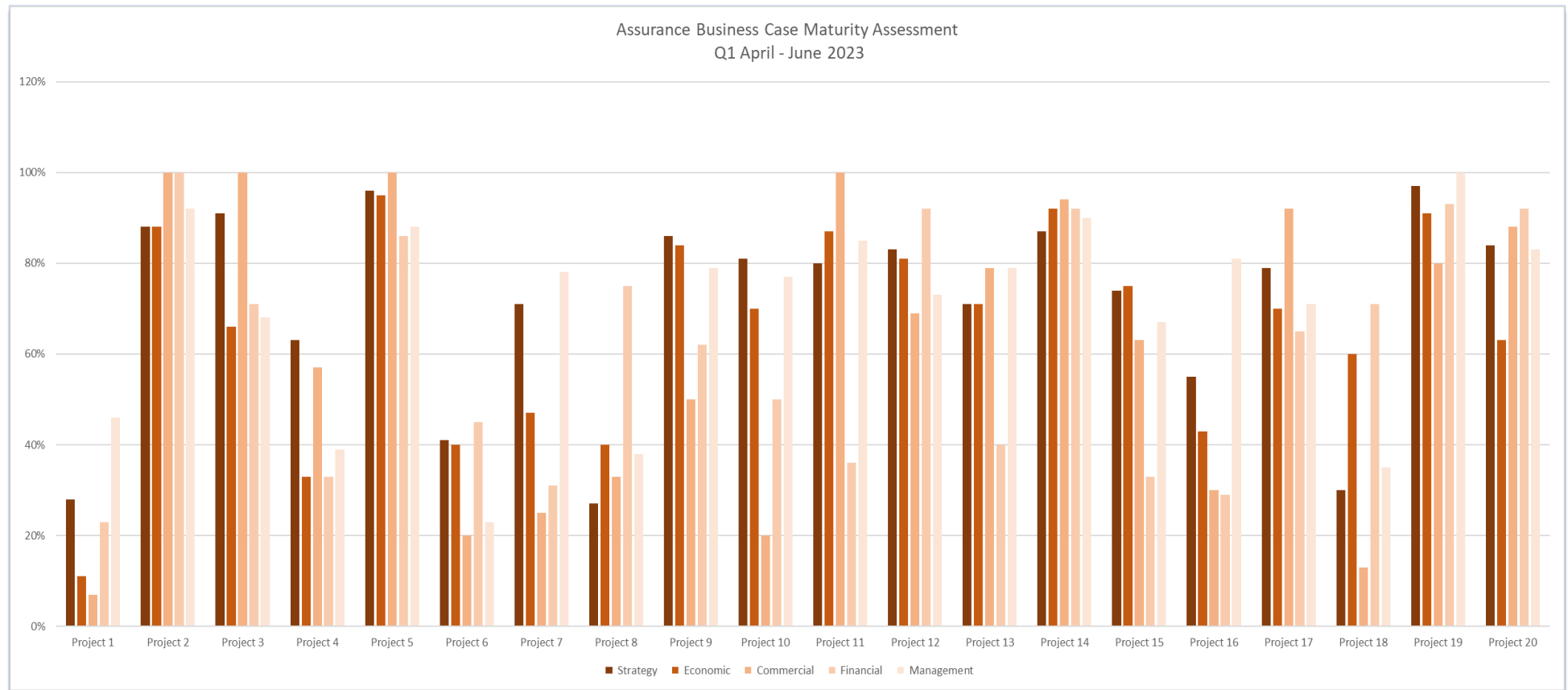
3.3 The following chart compares business case maturity in the current and previous quarter. It demonstrates that the business case maturity (draft business cases) was reduced slightly during April – June (Q1) compared to the previous quarter.

OBJ



3.4 Some of this reduction could be contributed to a new programme that needed to be developed at pace with short notice of financial confirmation of funding from Central Government. Two business cases developed in relation to the a specific programme and another business case had poor maturity assessments that reduced the scores in Q1. There is only a slight variance, and this may be experienced on other occasions too. The maturity of business cases is assessed on those reviewed in that period, there are several external factors that could impact business case maturity – the amount of time available to develop a business case, the lead authority developing the business case and if this is a similar project that has been developed previously or new/ innovative project? Reassuringly, the Management dimension of the business case strengthened. The assurance review in this section assessed whether effective programme management arrangements, roles and responsibilities and a plan for reviews during delivery are in place. So despite business cases with a greater level of risk being assessed in this period, the feedback from the assurance review allowed for greater mitigations and control systems to be put in place in preparation for the delivery phase.

3.5 The following chart provides a detailed overview of business case maturity by project against the 5 dimensions stipulated in HMT Green Book 5 Case Model:



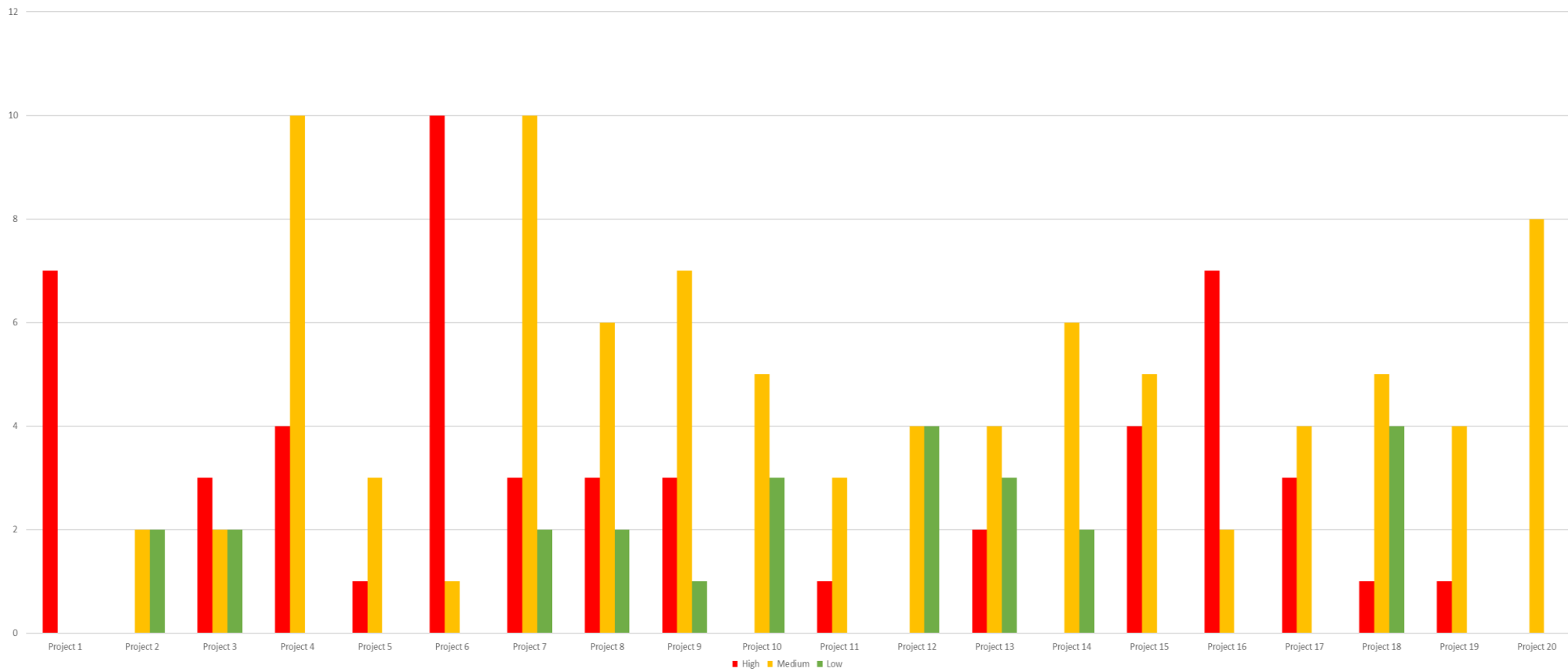
3.6 Key Observations between Q4 & Q1 (Business Case Maturity against HMT Green Book – Central Government Guidance on Appraisal & Evaluation)

- As stated in 3.4, the variance in business case maturity and the overall trend assessment in this area is difficult, several external factors could have an impact. At a macro level, the graph demonstrates that there were highly developed and mature business cases and likewise there were some much lesser developed business cases. A number of these were in relation to the same programme and were impacted by government timeframe expectations.
- To provide comfort, this programme was subject to full SAF, no dilution was sanctioned. WMCA Statutory Officer requested that the sub-projects were subject to a higher degree of scrutiny and went through a higher level of governance approval than ordinarily required. A programme-level health check to assess programme delivery readiness conditions has already been undertaken. In addition, a lesson learned exercise was undertaken with senior officers to ensure that lessons could be learnt and applied in any future programme which is impacted by similar levels of external constraints.

3.7 Key Observations between Q4 & Q1 – Assurance Recommendations:

The number of business cases decreased in Q1 compared to Q4 because the number of recommendations in Q4 was significantly higher. This was largely due to the project business cases referred to in 3.4 and 3.7. As a reminder these are recommendations raised on the draft business cases. The business cases would have been strengthened by the time the final business case was submitted with risk and investment appraisal.

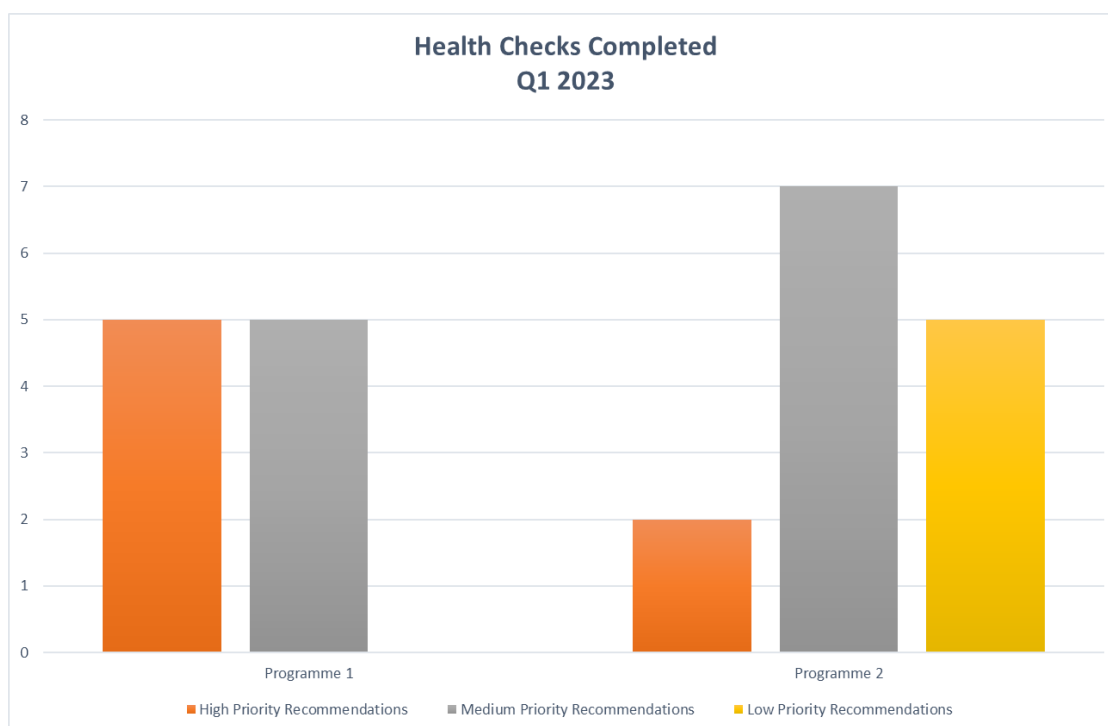
Assurance Business Case Maturity Assessment Recommendations Raised
Q1 April - June 2023



Project & Programme Health Check Reviews

3.10 A Programme of risk-based Health Check programme was approved by WMCA Senior Leadership Team in March 2023. This is to 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. In Q1, 2 Project Health were undertaken. The team found:

- Good engagement throughout with responsible directorate/Programme Sponsors
- Improvement plans agreed and being worked on
- Follow-up activity will take place to check on progress/learning etc



Risk & Investment Appraisals Reviews

3.11 A total of 24 Risk & Investment Appraisals were completed by the Appraisal team during the period, in comparison to the 19 undertaken in the last reporting period. A summary of these is detailed in the table below:

Funding Source	Business Cases Appraised
Active Travel England	1
City Region Sustainable Transport Settlement (CRSTS)	5
Commonwealth Games Legacy Fund (from DCMS)	10
Department for Environment, Food and Rural Affairs (DEFRA)	1
Department for Levelling Up, Housing and Communities (DLUHC)	4
Office of Government Property	1
Sport England	1
Internal TBC	1

3.12 Many business cases received during this period were <£5m with approval delegated to Executive Director or Executive Board. Investment Board reviewed all the Commonwealth Games funded projects and one other, with a further item still pending approval at WMCA 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
- Limited knowledge and skills within WMCA to produce effective economic appraisals
- Weak linkage between business cases and delivery, with a need to strengthen monitoring and evaluation planning in business case development

3.13 To mitigate the above risks, the SAF Business Case templates and guidance material will enter an annual review and update cycle in July 2023. The changes required were 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 11 Change Requests appraisals were processed by the Programme Risk & Investment Appraisal team during the period. The change trends include time extensions due to delays because 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 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, most projects are in delivery stage and are 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 Change Requests being received. All Change Requests were reviewed by the Appraisal team prior to approval being sought.

3.16 A summary of these changed is detailed in the table below:

Funding Source	No. Change Requests Appraised
City Region Sustainable Transport Settlement (CRSTS)	1
Department for Transport (DfT)	2
Investment Programme	8
Change Request Type	No. Change Requests by type (note, some changes fall into multiple change types)
Scope (Objective Changes)	0
Value (Cost)	3
Schedule (Time)	8
Change Request Root Cause	No. Change Requests by type (note, some changes fall into multiple root causes)
Governance	0
Economic	0
Reputation	0
Financial	5
Opportunity	2
Operations	0
Delivery	3
Political	0

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
Q1 – April – June 2023	11	8	0	3
TOTALS:	35	25	11	13

4 Assurance Performance Trends & Themes Identified (April – June 2023)

4.1 Key emerging assurance themes emerging from this reporting period are:

- a. Referring to tables presented in 2.2 to 2.5 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 since SAF Transition across all devolved Investment funds.
- b. The increase in projects in the Skills and Net Zero directorates gives an indication of Central Government priorities and new opportunities have arisen in these areas with Government requesting WMCA to deliver additional similar projects in the past quarter. This is evidence that WMCA is seen as a trusted delivery partner. Due to there being existing Programme Business cases in these areas and already an

alignment to SAF, it was proven to be quicker to respond to government with planning proposal for proposed projects aligned to these agenda – again embedding the value of SAF within WMCA.

- c. The same data set indicates that business cases development from the Housing, Property and Regeneration Directorate in comparison to other WMCA Delivery Directorates has been slower. An assurance and appraisal review on the Programme Business Case has been undertaken and a pipeline of proposed projects has also been shared. The new interim Executive Director has confirmed that projects will be developed in accordance with SAF.
- d. Overall, the number of red assurance recommendations on the draft business cases is less in comparison to amber and green rated recommendations.
- e. The programme assurance insights shared in this report are being split by Directorate are also being shared with Delivery Teams by Programme Assurance & Appraisal team on at least a quarterly basis. These meetings will focus on good practice and areas for improvement.

5 Executive Board Support

- 5.1 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.
- 5.2 SAF Phase 3 Project – SAF Continuous Improvement with Enabling Services functions has been approved by WMCA Executive Board. This is where all corporate and directorates processes that interface with SAF will be reviewed for effectiveness and efficiency, building upon success to date and driving further improvements in programme management delivery.

6. Financial Implications

- 6.1 No implications.

7. Legal Implications

- 7.1 No implications.

8. Equalities Implications

- 8.1 No implications.

9. Inclusive Growth Implications

- 9.1 No implications.

10. Geographical Area of Report's Implications

10.1 All areas.

11. Other Implications

11.1 N/A

12. Schedule of Background Papers

12.1 N/A