

## Audit, Risk & Assurance Committee

<b>Date</b>	4 December 2023
<b>Report title</b>	Single Assurance Framework (SAF) Assurance Performance Report – July to September 2023
<b>Portfolio Lead</b>	
<b>Accountable Chief Executive/WMCA Director</b>	Linda Horne – Executive Director of Finance & Business Hub
<b>Accountable Employee</b>	Joti Sharma – Head of Programme Assurance & Appraisal
<b>Report has been considered by</b>	WMCA Executive Board – November 2023

### 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) in September 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 July to September 2023 (Q2 2023).

#### 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.

#### 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. If this risk was to materialise it would be a WMCA Strategic risk that could potentially impact our reputation with central government and secure future additional money to deliver major projects. The SAF is a risk mitigation tool designed

to protect public funding and increase confidence that project outcomes can be achieved through approving use of investment grant funding.

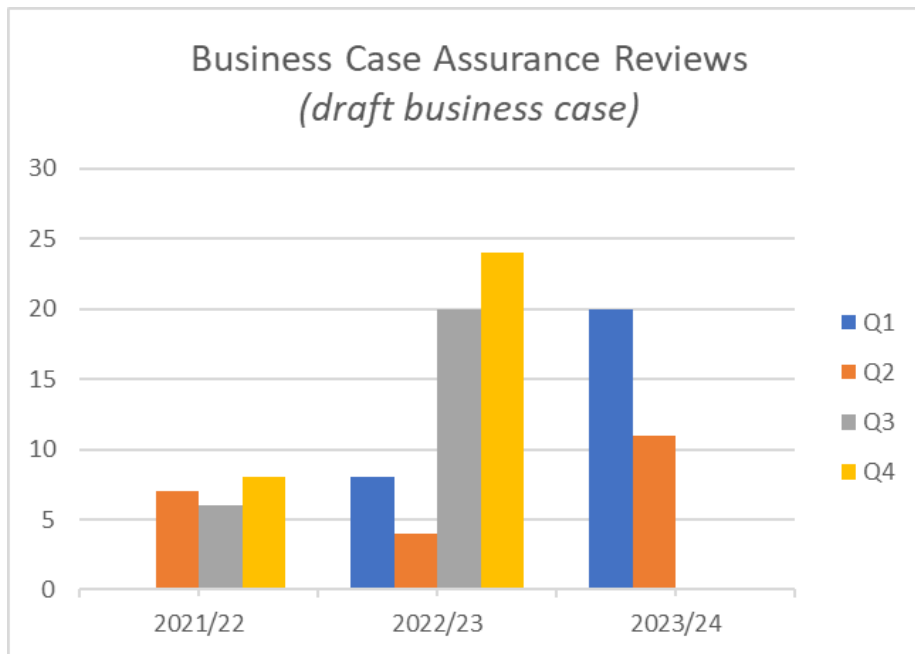
2.2 The tables below summarise Programme Assurance and Appraisal Team activity between October 2022 and September 2023. It demonstrates engagement across all WMCA Directorates and an overall increase in activity over time.

REPORTING PERIOD	DIRECTORATE/ EXTERNAL ORG.	Business Case Assessment (BCAT)	Health Check	Risk & Investment Appraisal	Change Requests
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
<b>2022 Q3 TOTAL</b>		<b>20</b>	<b>37</b>	<b>17</b>	<b>13</b>
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
<b>2022 Q4 TOTAL</b>		<b>24</b>	<b>0</b>	<b>17</b>	<b>7</b>
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
<b>2023 Q1 TOTAL</b>		<b>20</b>	<b>2</b>	<b>24</b>	<b>11</b>
July – Sept 2023 (Q2)	TfWM	4	0	4	3
	Strategy, Innovation & Net Zero (SINZ)	3	0	2	2
	Economy, Skills & Communities	2	0	2	1
	Housing, Property & Regeneration	2	0	3	0
	Investment Programme	0	0	0	1
<b>2023 Q2 TOTAL</b>		<b>11</b>	<b>0</b>	<b>11</b>	<b>7</b>

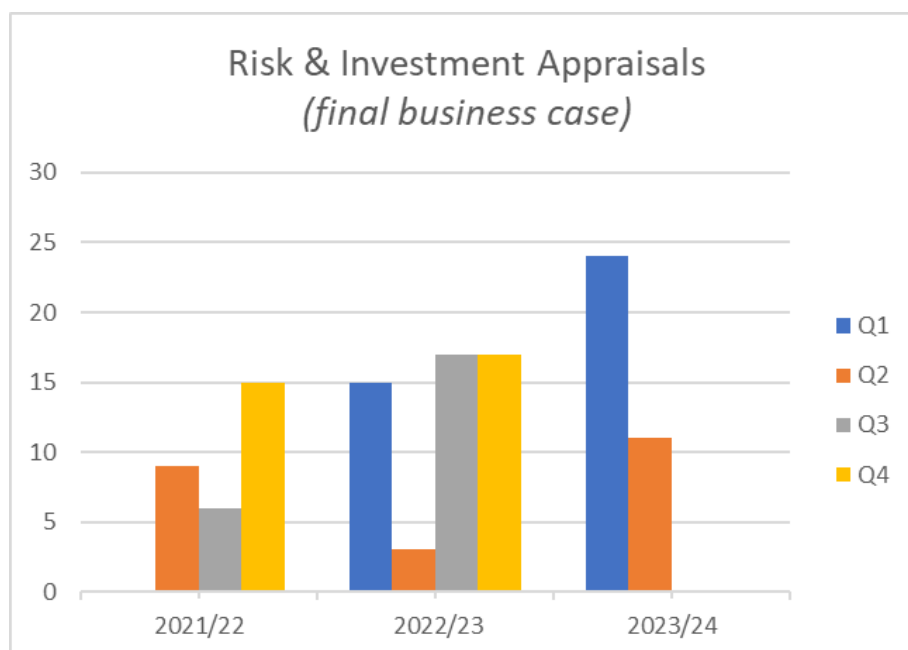
\*Note that the Investment Programme projects are already in delivery and most of the funding has been committed and therefore those projects will not be going through the SAF at present time, the projects have been through WMCA Assurance already and are in delivery.

### High Level SAF Trend Observations

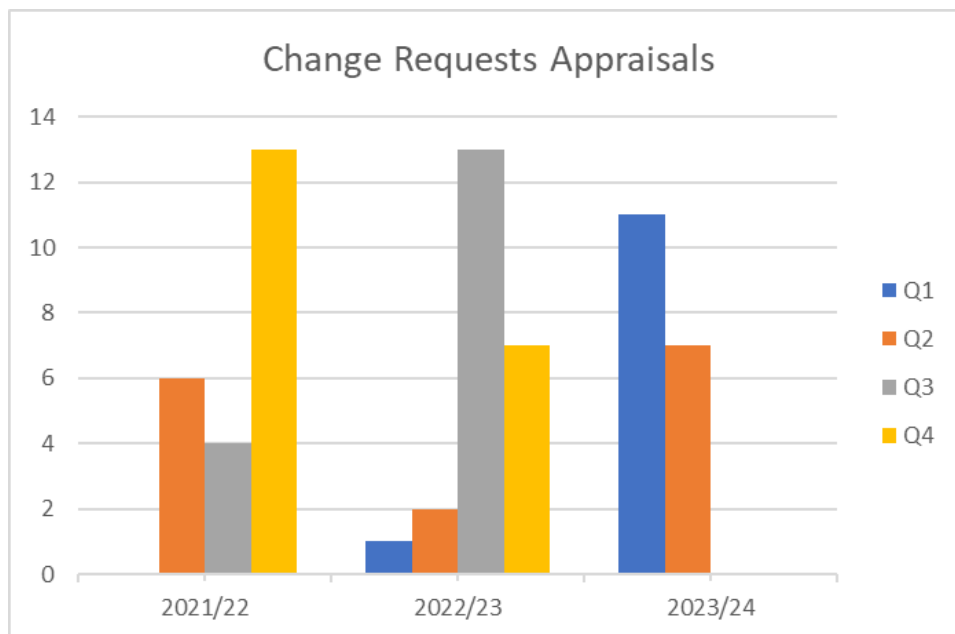
2.3 The number of Business Case Assurance Reviews (BCATs) completed has decreased 45% in this quarter, however there was an increase of 267% compared to the same period in the last financial year. This has helped drive improvements to draft business cases prior to them being submitted for formal Risk & Investment Appraisal. Most importantly the assurance activity and strengthening of the draft business cases reduces WMCA risks exposure 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 decreased by 54% in this quarter. However, there is an increase in comparison to the same period last year (by 267%).



2.5 The number of Change Requests undergoing formal independent Risk & Investment Appraisal decreased by 36% in this quarter and an increase by 250%% compared to the same period in the last financial year.

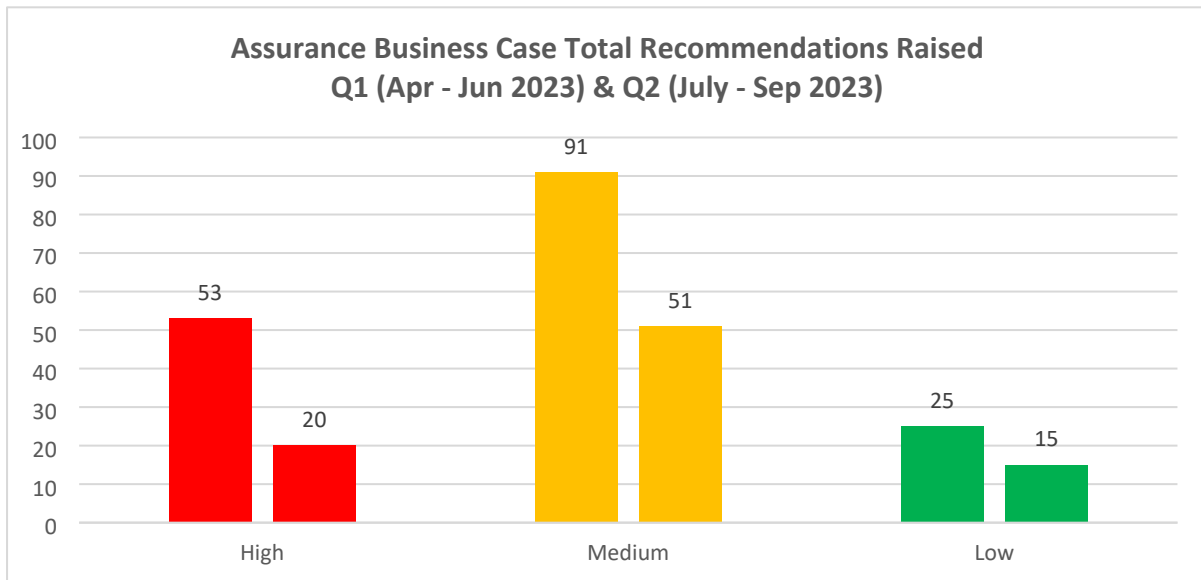


### Assurance Performance Analytical Insights Q2 (July – Sept 2023)

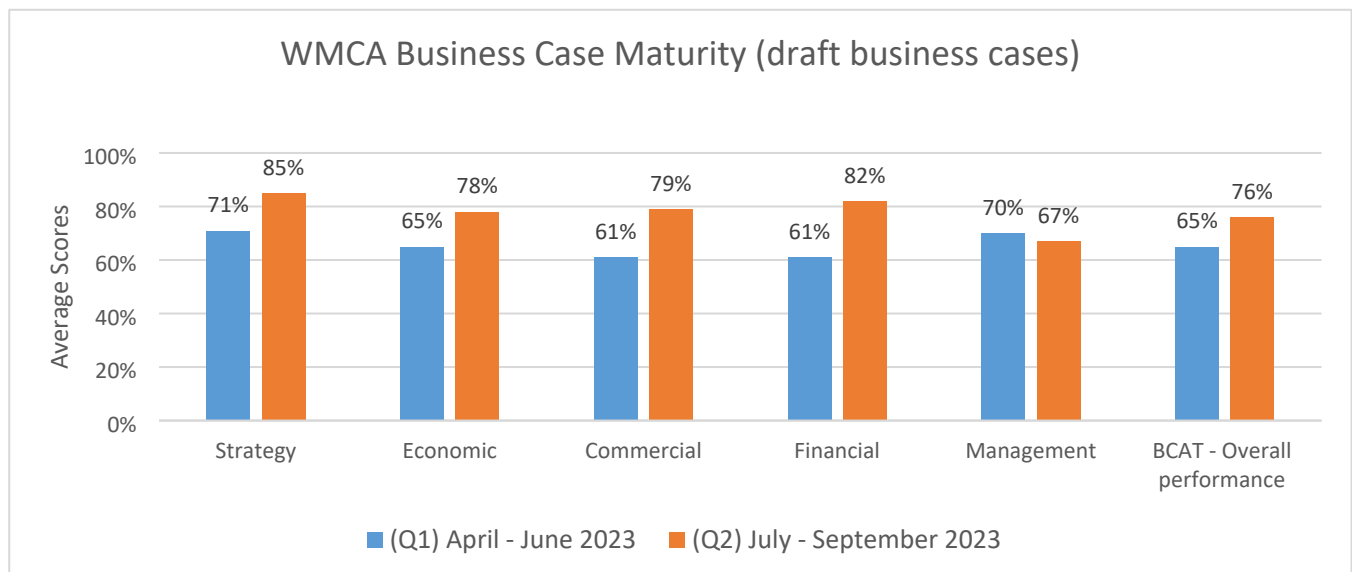
#### 3. Business Case Maturity Assurance Reviews (BCAT)

3.1 In Q2 (July – Sep) 11 Business case maturity assessments were undertaken in this period, with 20 high priority recommendations raised. This is compared to 20 business case maturity assessments completed and 53 high priority recommendations in Q1 (Apr - June.) – The variation seems starker as Q1 was a busier than normal period with a new programme being initiated.

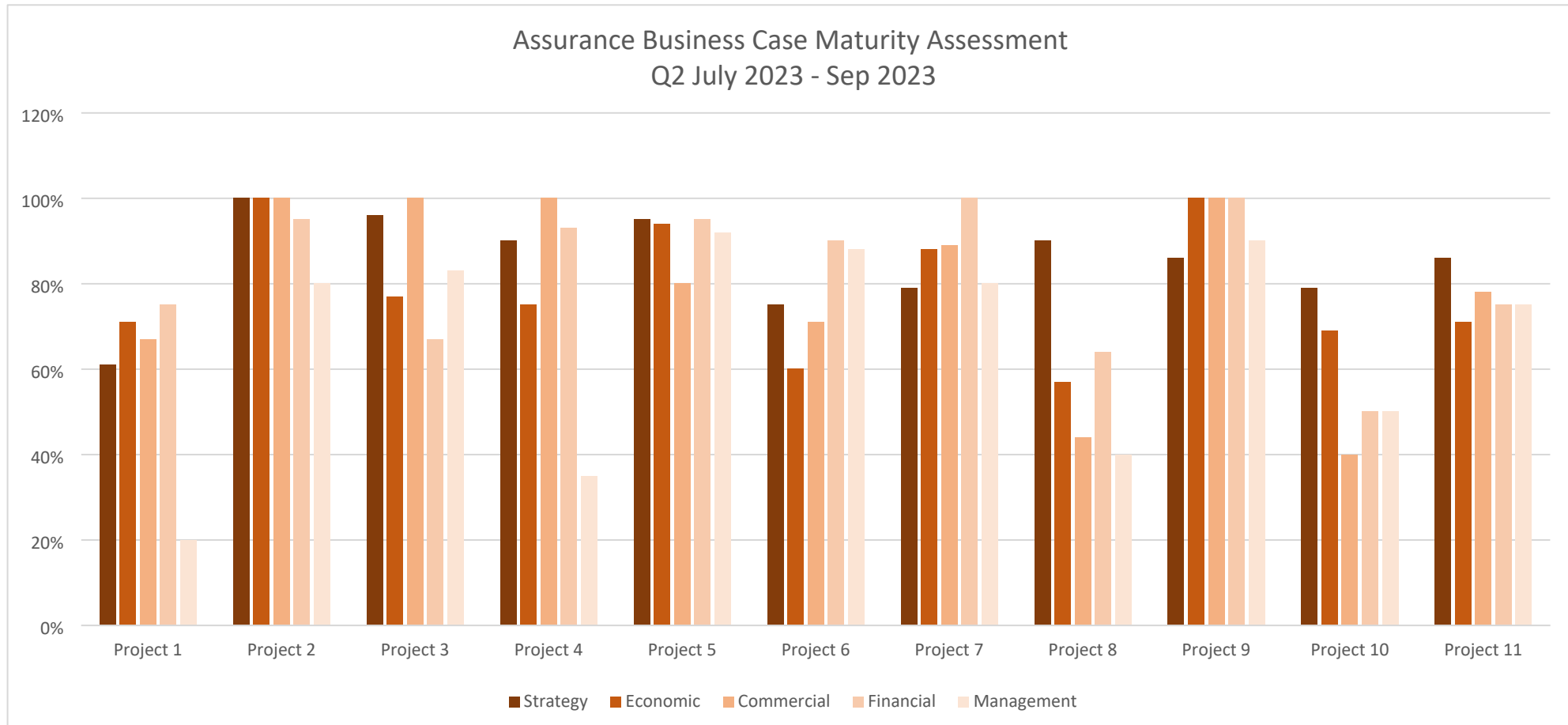
3.2 The following graph shows the trend during the period April – June (Q1) & July – September 2023 (Q2). There were fewer overall recommendations as there were fewer business case reviews. However; encouragingly, the trend demonstrates there are fewer high priority recommendations in comparison to medium and low priority 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 overall business case maturity (draft business cases) increased during July–September (Q2) compared to the previous quarter.



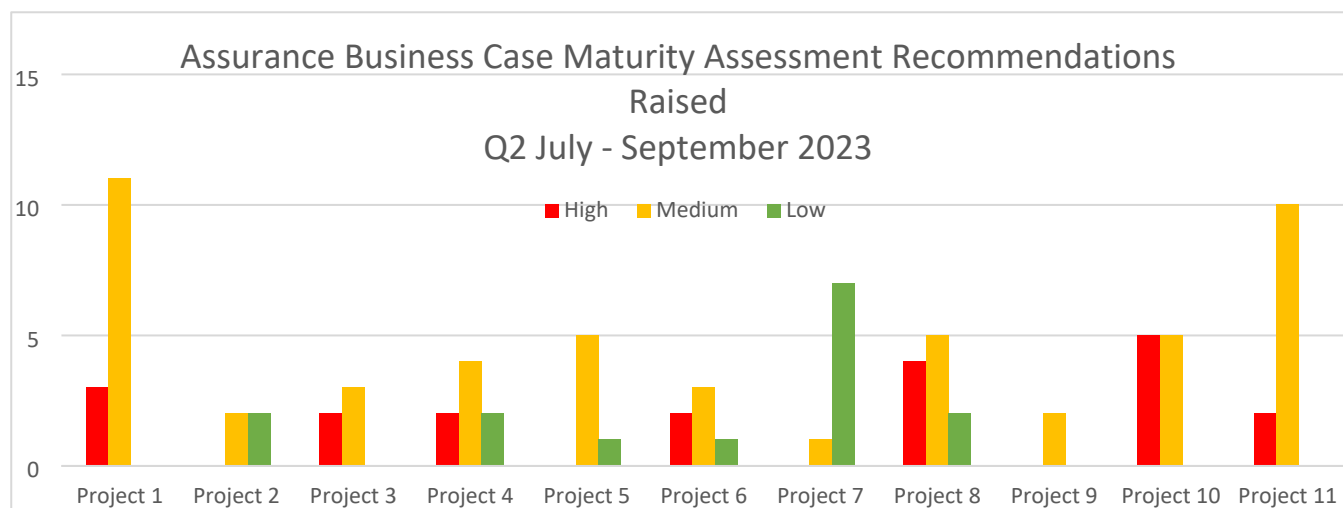
3.4 The following chart provides a detailed overview of business case maturity by project against the 5 dimensions stipulated in HMT Green Book 5 Case Model:



3.5 The difference between 3.3 and 3.4 is that 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. The average trend is positive and the Programme Assurance & Appraisal team continue to work with Directorates were lesser developed business cases are produced to mitigate some risk before approval is sought.

### 3.6 Key Observations between Q1 & Q2 – Assurance Recommendations: Comparison of last 2 quarters

The number of business case recommendations decreased in Q2 compared to Q1 because the number of recommendations in Q1 was significantly higher. This was largely due to the project business cases referred to in 3.4 and 3.6. 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.



The number of business case recommendations decreased in Q2 compared to Q1 because the number of business case maturity assessments undertaken in Q2 decreased. This resulted in fewer recommendations being raised. As a reminder these are recommendations raised on a draft business case. All business cases will have been strengthened following the Assurance assessment prior to the strengthened business case being submitted for risk and investment appraisal.

### Project & Programme Health Check Reviews

3.7 A Programme of risk-based Health Checks 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 health checks will be undertaken throughout the year. In Q2, whilst health checks have been planned and are ongoing, none were completed during the period. 3 Health Checks are planned to be completed in Q3.

## Risk & Investment Appraisals Reviews

3.8 A total of 11 Risk & Investment Appraisals were completed by the Appraisal team during the period, in comparison to the **24** undertaken in the last reporting period. A summary of these is detailed in the table below:

<b>Funding Source</b>	<b>Business Cases Appraised</b>
Brownfield Housing Fund	3*
City Region Sustainable Transport Settlement (CRSTS)	3
Commonwealth Games Legacy Fund (DCMS)	2
BEIS	1
Department for Levelling Up, Housing and Communities (DLUHC)	1
Department for Education	1
Land Fund	1*
National Competitive Fund	1*
<b>Total</b>	<b>11</b>

\* The Housing PBC contains funding from three sources

3.9 Many 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
- 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 during business case development
- An increase in economic and financial risks as a result of the current external climate and BCC issuing a S141

## Change Request Reviews

3.10 A total of 7 Change Requests appraisals were processed by the Programme Risk & Investment Appraisal team during the period. The change trends include time extensions as a result of the City Region Sustainable Transport Settlement (CRSTS) re-basing activity and 'opportunity' changes where additional government funding has been identified to increase scope of existing projects. Improvements have been made to the Change Request Form to ensure applicants identify not only the 'change type' (cost, time, scope) but also a single root cause, this will improve the management information within this area.

3.11 2 Change Requests have been received from Transport for West Midlands, this is due to the aforementioned CRSTS re-profiling activity. Both changes were for minor time extensions or to re-profile approved expenditure. A further 2 Change Requests were received from the Investment Programme to re-baseline project milestones. All Change Requests were reviewed by the Appraisal team prior to approval being sought.



A summary of these changes is detailed in the table below:

<b>Funding Source</b>	<b>No. Change Requests Appraised</b>
City Region Sustainable Transport Settlement (CRSTS)	2
BEIS	2
Investment Programme	2
Other	1
<b>Change Request Type</b>	<b>No. Change Requests by type (note, some changes fall into multiple change types)</b>
Scope (Objective Changes)	6
Value (Cost)	4
Schedule (Time)	2
<b>Change Request Root Cause</b>	<b>No. Change Requests by type (note, some changes fall into multiple root causes)</b>
Governance	1
Economic	0
Reputation	0
Financial	2
Opportunity	2
Operations	1
Delivery	3
Political	1

<b>Change Requests Appraised</b>		<b>Time</b>	<b>Cost</b>	<b>Scope</b>
Q3 – Oct – Dec 2022	<b>12</b>	10	4	6
Q4 – Jan – March 2023	<b>9</b>	5	5	3
Q1 – April – June 2023	<b>11</b>	8	0	3
Q2 – July – Sept 2023	<b>7</b>	2	4	6

#### **4 Assurance Performance Trends & Themes Identified (July – September 2023)**

Key emerging assurance themes emerging from this reporting period are:

- 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.
- There was less activity in this area in the last quarter however this was expected due to the summer holiday period, and also the largest transport programme being re-programmed with Local Authority partners. This reduced the number of business cases expected during this time, but they have started to come through SAF now in the current quarter.
- Overall, the number of red assurance recommendations on the draft business cases is less in comparison to amber and green rated recommendations.
- 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.

**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