



Audit, Risk & Assurance Committee

Date	11 March 2024
Report title	Single Assurance Framework (SAF) Assurance Performance Report – October to December 2023 (Q3)
Accountable WMCA Director	Linda Horne – Executive Director of Finance & Business Hub
Accountable Employee	Joti Sharma – Head of Programme Assurance & Appraisal
Report has been considered by	

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 October to December 2023 (Q3 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

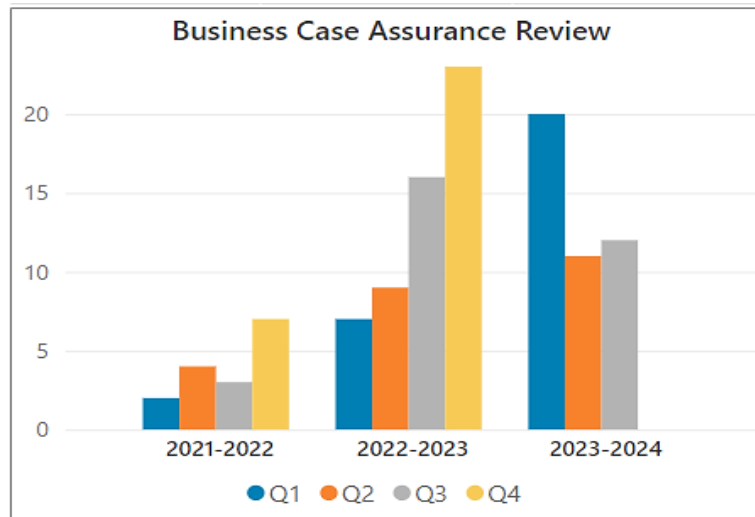
approved by WMCA Board accordingly to meet annual refresh expectations. This was to mitigate the risk of non-compliance to mandatory devolution commitments. If this risk was to materialise it would be a WMCA Strategic risk that could potentially impact our reputation with central government and secure 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 table below summarises Programme Assurance and Appraisal Team activity between January 2023 - December 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
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
2022 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
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
2023 Q2 TOTAL		11	0	11	7
Oct – Dec 2023 (Q3)	TfWM	6	1	6	10
	Strategy, Innovation & Net Zero (SINZ)	3	0	4	0
	Economy, Skills & Communities	1	1	0	2
	Housing, Property & Regeneration	1	0	1	2
	Investment Programme	1	0	1	2
2023 Q3 TOTAL		12	2	12	16

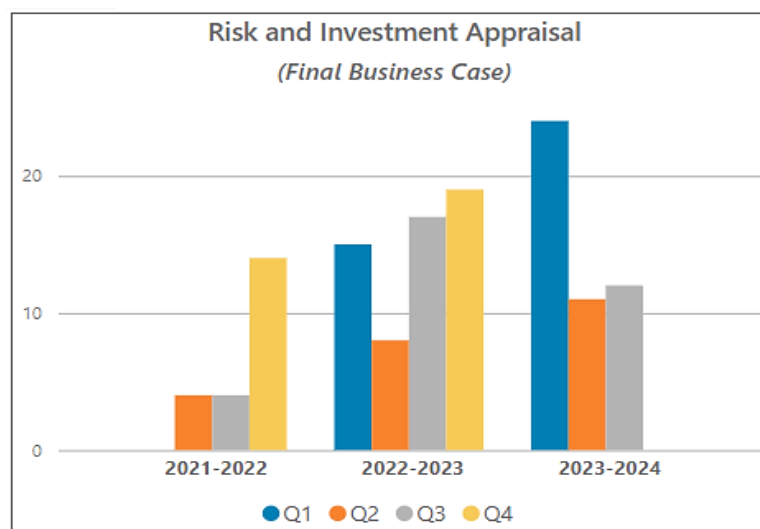
High Level SAF Trend Observations

2.3 The number of Business Case Assurance Reviews (BCATs) completed in this reporting period (Q3) increased by **9%** compared to the previous quarter. In addition, the total number of assurance reviews completed for the year to date (43) is higher than for the same period last year (32).

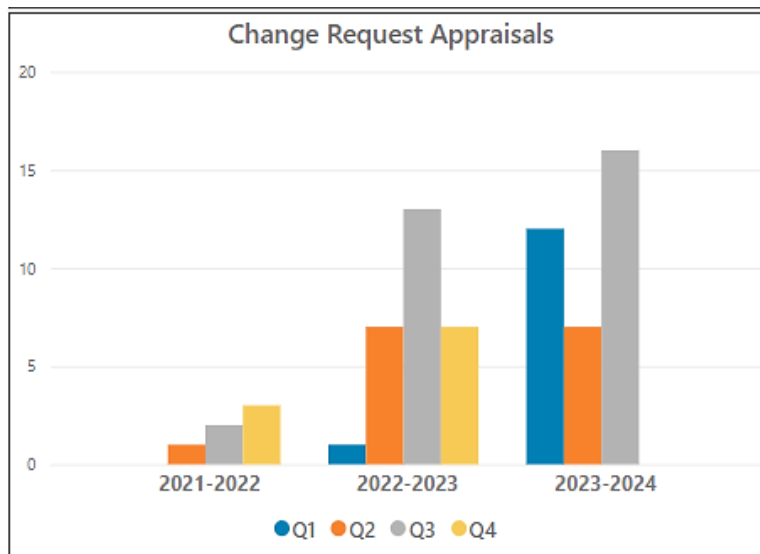


2.4 Assurance reviews of draft business cases, and the subsequent improvement activity undertaken by project leads, continues to drive improvements to the maturity of business cases and helps to drive organisation-wide improvements to processes and controls. Any improvement recommendations not addressed by project leads following assurance reviews forms part of the Programme Risk & Investment Appraisal assessment of ongoing project/programme risks.

2.5 The number of Risk & Investment Appraisals undertaken by the team increased by **9%** in this quarter. However, there is a decrease in comparison to the same quarter last year (by **29%**). However, to note, the overall activity for the year to date is higher than last year. In Q3 last year, a new programme was initiated which led to an increase of appraisal activity a year ago.



2.6 The number of Change Requests undergoing formal independent Risk & Investment Appraisal increased by **129%** in this quarter and an increase by **23%** compared to the same period in the last financial year. Factors explaining this relate to increased understanding in Delivery Directorates for SAF Change Controls process. The analysis for change requests being initiated is detailed in section 6.

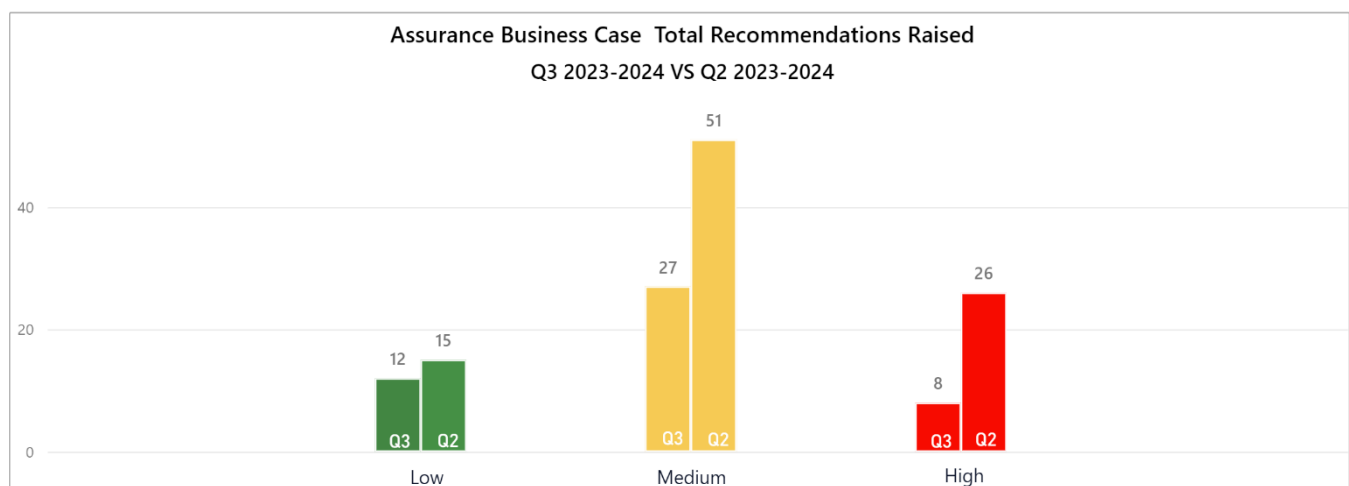


Assurance Performance Analytical Insights Q3 (Oct – Dec 2023)

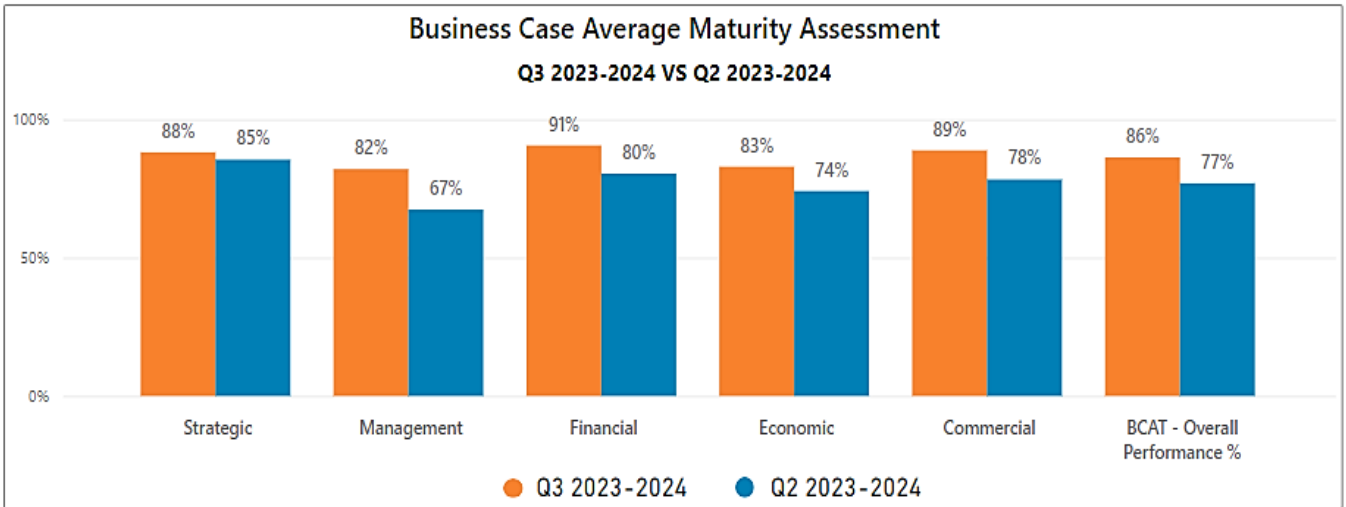
3. Business Case Maturity Assurance Reviews (BCAT)

3.1 12 Business case maturity assessments were undertaken in the reporting period, three of these were joint Assurance and Appraisal assessments, undertaken on low risk/low value business cases to provide a proportionate approach and meet SAF requirements. A total of eight high priority recommendations were raised.

3.2 The following graph provides a comparison of total recommendations raised for the current and previous quarters (Q3 vs Q2) following business case reviews. There were fewer recommendations raised overall in Q3 (as there were fewer business case reviews undertaken) and encouragingly fewer high priority recommendations raised in Q3 overall. Greater focus is given to ensure high priority recommendations are completed before a final business case is presented for Appraisal/approval or, at the very least, there is a plan to address these.



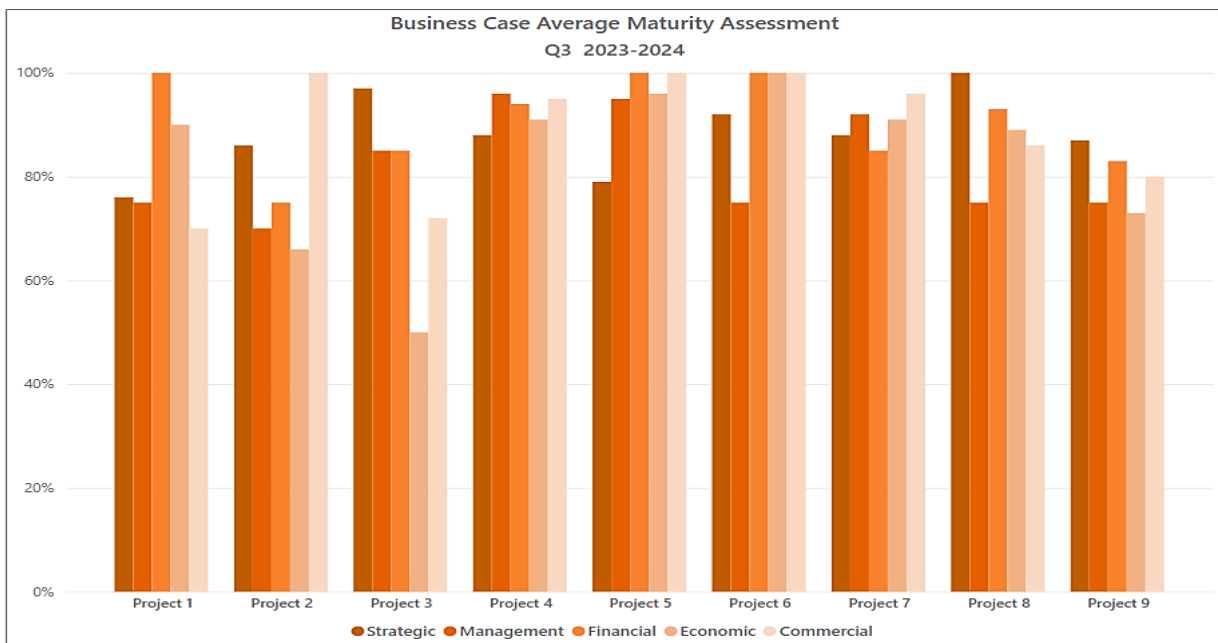
3.3 The following chart compares business case maturity across each of the five dimensions for the current and previous quarters (Q3 vs Q2). It demonstrates an increase in maturity of draft business cases during Q3 (October – December).

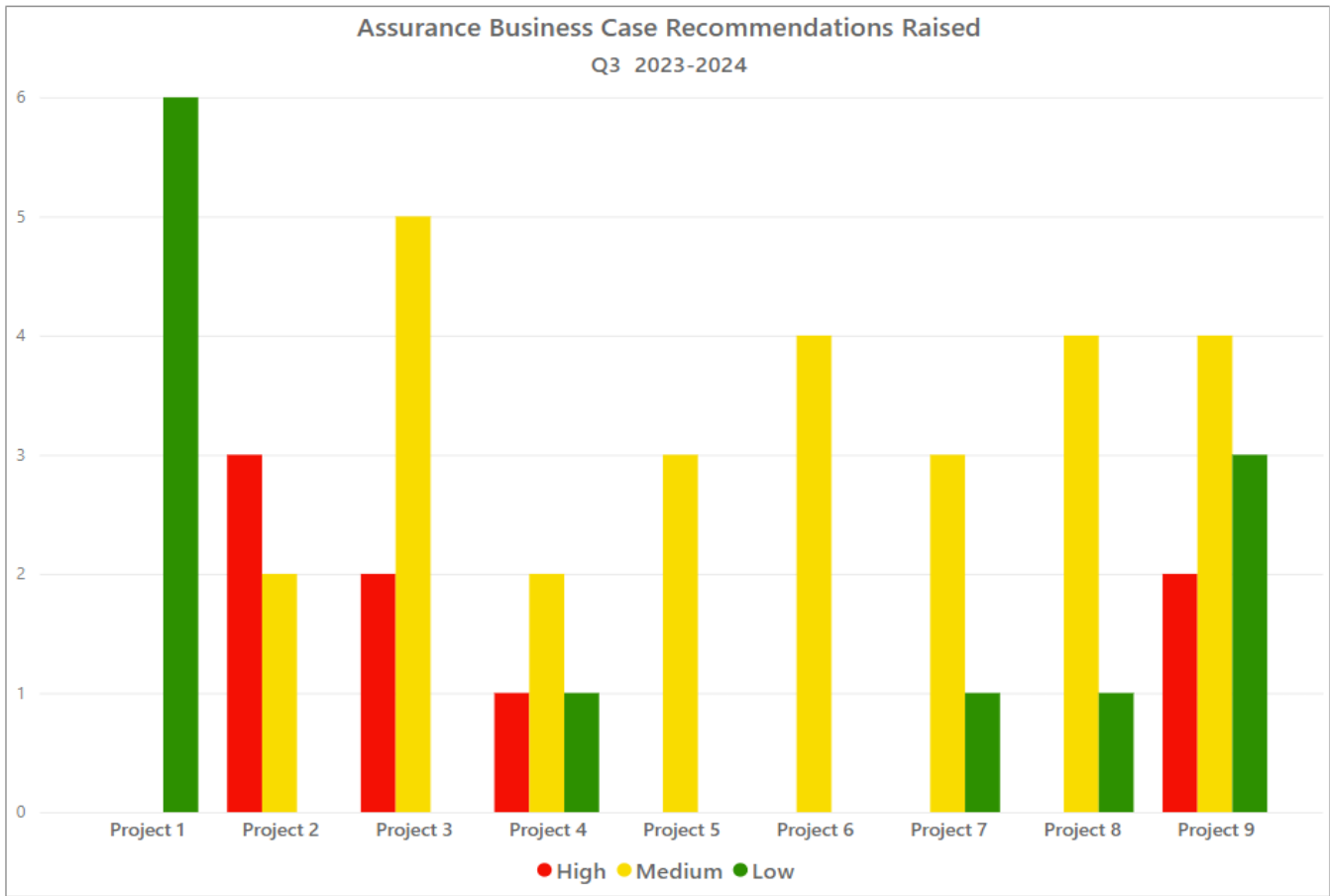


3.4 The following chart provides a detailed overview of business case maturity by project against the 5 dimensions stipulated in HMT Green Book 5 Case Model:

3.5 Whilst it is difficult to determine an overall trend in the data above, the graph demonstrates that maturity levels can vary significantly across each business case assessed. The Programme Assurance & Appraisal team continue to work with delivery Directorates, external delivery partners and enabling services subject matter experts to drive improvements to business case maturity and overall capability and understanding of HM Treasury Green Book requirements.

3.6 The graph below provides a detailed overview, by project, of the number and priority of recommendations raised following Assurance reviews during Q3. As a reminder, recommendations are raised on draft business cases submitted to the Programme Assurance and Appraisal Team and it is expected that these will be addressed prior to the business case progressing to Risk & Investment Appraisal and Approval. Any recommendations that haven't been addressed prior to approval will be highlighted as a risk to inform the decision-making process.





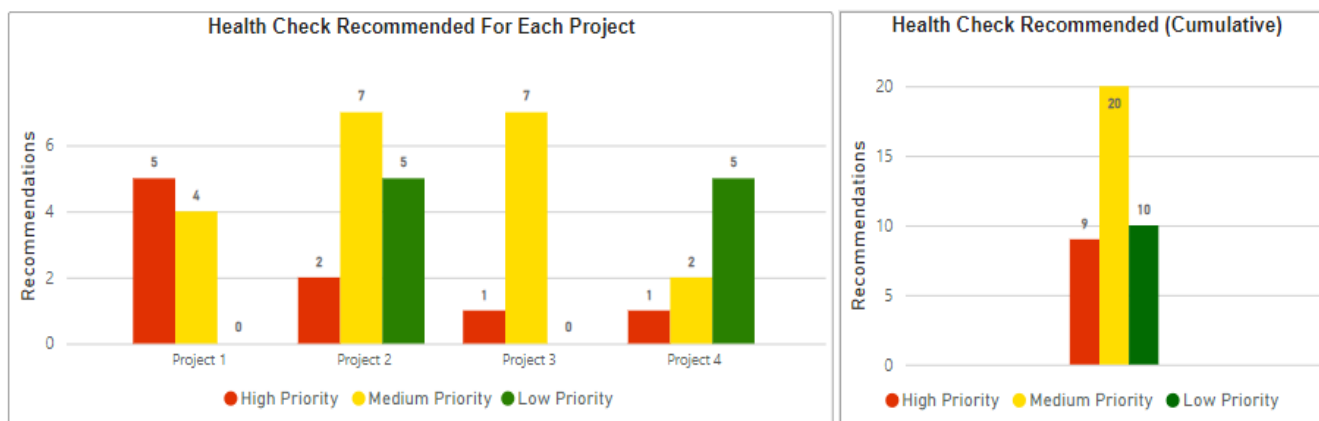
4. Project & Programme Health Check Reviews

4.1 A total of 4 Programme/Project Health Checks have been completed to date, two in Q1 and two in Q3. Health Checks are objective, evidence-based reviews testing the effectiveness of project and programme controls across 11 categories. A summary of all Health Checks completed during the year is detailed in the table below, together with RAG rating assessments for each of the eleven categories reviewed.

4.2 The data collated to date demonstrates Social Responsibility & Sustainability and Solution categories are the areas where practice consistently excels, and Organisation Capability & Culture and Performance are the categories that require the most improvement activity.

RAG Rating												
Project	Client & Scope	Finance	Governance	Organisation Capability & Culture	Performance	Planning & Scheduling	Risks	Social Responsibility & Sustainability	Solution	Stakeholder Engagement & Communication	Supply Chain	Overall Rating
Project 1	Green/Amber	Green/Amber	Green/Amber	Amber	Amber	Amber	Amber	Green	Green	Amber	Amber	Amber
Project 2	Green/Amber	Green/Amber	Green	Amber	Red	Green/Amber	Green/Amber	Green	Green	Green/Amber	Green	Amber
Project 3	Green/Amber	Green	Green/Amber	Amber/Red	Green/Amber	Amber	Green/Amber	Green	Green	Green/Amber		Green/Amber
Project 4	Green/Amber	Green	Green/Amber	Green/Amber	Green/Amber	Green	Amber	Green	Green	Green	Green	Green/Amber

4.3 The tables below provide a summary of the recommendations raised as part of the Health Check process. Programme Assurance leads will follow-up with Project/Programme representatives to review progress made with recommendations and agree any subsequent improvement activity.



5. Risk & Investment Appraisal Reviews

5.1 A total of 12 Risk & Investment Appraisals were completed by the Appraisal team during the period, in comparison to the 11 undertaken in the last reporting period. A summary of these is detailed in the table below:

Funding Source	Business Cases Appraised
Brownfield Housing Fund	1
City Region Sustainable Transport Settlement (CRSTS)	5*
Commonwealth Games Legacy Fund (DCMS)	1
Innovate UK	2
Investment Programme	1
Transport for West Midlands	2*
DSIT	1
Total	12

(* Business Case contains funding from two sources)

5.2 The majority of business cases received during this period were <£5m with approval delegated to Executive Director or Designated Sign Off Level. The Appraisal team continue to recommend most business cases for approval, though with 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:

- Weak programme-level management arrangements identified within business cases including programme oversight, reporting and monitoring Limited knowledge and skills within WMCA to produce effective economic appraisals including but not limited to BCR, NPV and NPSV calculations.
- A requirement to strengthen monitoring and evaluation planning during business case development, as such business case templates have been updated to reflect requirements of HMT Magenta Book and WMCA Performance Framework
- An increase in economic and financial risks as a result of the external climate and BCC issuing a S141 as such WMCA seek additional financial assurance for projects delivered by BCC specifically.

6. Change Request Reviews

6.1 A total of 16 Change Requests appraisals were processed by the Programme Risk & Investment Appraisal team during the period. The change trends include time extensions because of the City Region Sustainable Transport Settlement (CRSTS) re-basing activity, 'opportunity' changes where

additional government funding has been identified to increase scope of existing projects and time extensions for the Investment Programme as a result of re-basing. A summary of these changes is detailed in the table below:

Funding Source	No. Change Requests Appraised
City Region Sustainable Transport Settlement (CRSTS)	7
Department for Education	1
Investment Programme	2
TCF/ATF	2
Other	4
Change Request Type	No. Change Requests by type (note, some changes fall into multiple change types)
Scope (Objective Changes)	11
Value (Cost)	12
Schedule (Time)	8
Change Request Root Cause	No. Change Requests by type (note, some changes fall into multiple root causes)
Governance	1
Economic	3
Financial	3
Opportunity	8
Operations	2
Delivery	8

Change Requests Appraised		Time	Cost	Scope
Q4 – Jan – March 2023	9	5	5	3
Q1 – April – June 2023	11	8	0	3
Q2 – July – Sept 2023	7	2	4	6
Q3 – Oct- Dec 2023	16	11	12	8

7. Assurance Performance Trends & Themes Identified October to December 2023

Key emerging assurance themes emerging from this reporting period are:

- a. Referring to tables presented in 2.2 to 2.6 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. There was steady activity in all areas of assurance & appraisal activity which is encouraging. There was a sharper increase in Change Requests raised in this period. Some of this is expected as generally speaking Q3 usually sees re-baselining from a financial perspective. However, reassuringly not all the changes were driven by variances in cost overruns. Section 6 describes causes for raising Change Requests which also detailed opportunity change requests where WMCA was awarded additional funding for existing projects to deliver greater outcomes.
- c. Encouragingly as detailed in chart 3.6, the number of red assurance recommendations on the draft business cases is less in comparison to amber and green rated recommendations. Most of the assurance reviews did not raise any red recommendations.
- d. 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.
- e. To note, Single Assurance Framework 2024 update (SAF) which was endorsed by WMCA ARAC has now been approved by DHLUC.

8. 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.

9. Financial Implications

No implications.

10. Legal Implications

No implications.

11. Equalities Implications

No implications.

12. Inclusive Growth Implications

No implications.

13. Geographical Area of Report's Implications

All areas.