

WMCA

INVESTMENT CONTROL & ASSURANCE

Phase 1 – Review and Recommendations

First Iteration

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GLOSSARY

CAPEX	Capital Expenditure	OBC	Outline Business Case
CEO	Chief Executive Officer	OJEU	Official Journal of the European Union
Devo Deal	Devolution Deal	PMO	Project Management Office
DfT	Department for Transport	R&R	Rules and Regulations
ESG	Executive Steering Group	RACI	Responsible, Accountable, Consulted, Informed
EU	European Union	SEP	Strategic Economic Plan
FBC	Full Business Case	SOC	Strategic Outline Case
IP	Investment Programme	TAP	Technical Appraisal Panel
LA	Local Authority(s)	TfWM	Travel for West Midlands
LEP	Local Enterprise Partnership	WMCA	West Midlands Combined Authority
MD	Managing Director	WMGC	West Midlands Growth Company

Overview

Objectives

To carry out an Investment Programme controls and assurance review, and propose measures to deliver the following:

- Investment Programme aligned to maximise delivery of benefits and outcomes
- Drive simplicity and clarity – giving a clear line of sight from the WMCA portfolio to Investment Programme to project delivery
- Control and assurance framework that appropriately balances WMCA control against project delivery autonomy
- A scalable approach which accommodates growth with assured delivery for both WMCA and non-WMCA led delivery

Scope of this Review

Phase 1:

- Review of assurance framework, processes and governance through focus interviews, document reviews, organisational model and finding of previous audits.
- Identify findings and propose design principals as foundations for recommendations

Stakeholders Engaged

Tim Martin – Head of Governance
Claire Jones – PMO Manager
Joti Sharma – Risk Assurance
Andrew Morgan – Benefits Manager
Hardial Phull – IP Assurance Manager
Ben Khan – Arcadis
Andrew Wood – Risk Manager
Nigel French – Finance
Carl Pearson – Finance
Dan Essex – Governance

Processes & Data Reviewed

Processes:

Assurance framework Process
Business Case Submission Process
Approval Boards and Meetings
Evaluation Process and Criteria
TfWM Assurance & Approvals Process
Project Financing Support
Programme Management Process/PMO
Governance and Administration

Data:

Framework/SEP/Monitoring and Evaluation
Audit Reports(Internal and External)
Business Cases and Evaluation Sheets

Organisation & Tools Reviewed

Organisations:

WMCA Leadership
WMCA Governance and Assurance
WMCA Finance
Local Authorities & Partnerships
Transport for West Midlands

Tools/Technology:

SharePoint
Accellion

Executive Summary

Key Strengths

- A detailed, descriptive Assurance framework in place and well communicated
- A desire to implement a robust Investment Programme & Assurance framework
- Existing elements of functional and organisational structure and capability within WMCA
- Working relationships between LA/Partners and WMCA

Key areas to address

- Missing definition and detail for control and assurance measure for the IP framework
- Inconsistent interpretation of the Assurance framework
- Investment Programme's lack of alignment to economic goals
- Lack of evidence based decision making
- Limited technical assessment for robust financial planning and risk management
- Limited commercial controls, financial value management and early legal involvement
- No outline Proposal process(Stage 0)
- An opportunity to review Investment Programme management technology.



Top Recommendations

- Introduce simplicity by optimising the approval stages
- Optimising the PMO operating model for governance and assurance
- Introduce communication and Stakeholder Management
- Introduce evidence backed governance and decision making through enhanced application of "The FIVE CASE" framework business case model.
- Introduce commercial assurance & governance through the business case stages
- Adoption of online based tool for automation of processes, controls and reporting

The recommendations seek to develop a control and assurance model that is fit for purpose and delivers highest possible impact on outcome and benefits.

WMCA Investment Programme

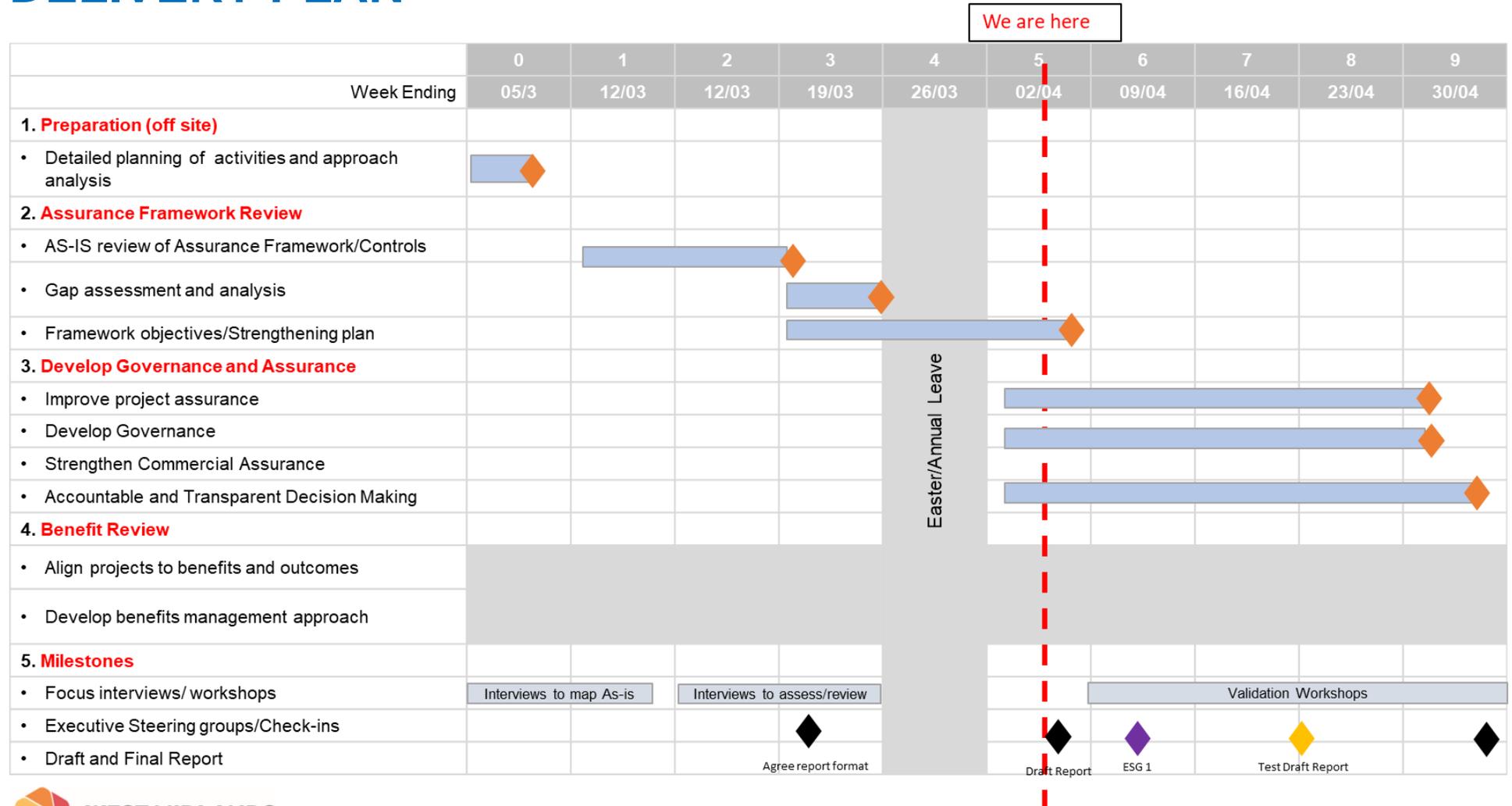
Phase 1 Scope and Plan



Investment Programme Control and Assurance: PROJECT CHARTER

Deliverables	When	Objectives		Risks	
<ul style="list-style-type: none"> a) An enabled Investment Programme that delivers the highest possible impact measured by benefits and economic outcomes b) Assurance framework that is enabled to prioritise funding and plan for delivery based on the Strategic Economic Plan c) Integrated delivery framework hierarchy with strong governance and evidence based decision making 	In line with 8 Week Plan	Develop a best practice integrated delivery framework which connects corporate vision and strategy through a benefits led approach to investment decision making		Risk	Mitigation
Activities		In Scope	Out of Scope	<ul style="list-style-type: none"> • Project may not deliver expected outcomes without alignment of objectives, deliverables, assessments, and inputs • Business intelligence from stakeholders is critical to relevance of recommendations 	<ul style="list-style-type: none"> • Agree Charter up front • Set up weekly stakeholder briefing and regularly review draft outputs • Early and ongoing engagement on data, information and stakeholder availability
<ul style="list-style-type: none"> • Define the WMCA investment governance and assurance approach and methodology • Interviews with key WMCA stakeholders to map the existing Investment Programme assurance framework, processes, capacity and capability • Desktop review of existing information to identify gaps • Define the implementation approach and plan for delivery of the WMCA Investment Programme • Design the organisational structure for the leadership and delivery of the WMCA Investment Programme including defining ownership and membership of the key programme governance and assurance forums. • Define and communicate WMCA Investment Programme project lifecycle stage gate requirements. • Refine and update assurance flow and decision making across the full assurance hierarchy • Create an assurance calendar. • Outline the programme management and governance reporting framework. 		<ul style="list-style-type: none"> • Collation and review of existing data • Focus interviews with WMCA key stakeholders • Review current assurance framework • Define design principles • Develop accountability and responsibility framework • Terms of reference and outline membership for decision making groups 	<ul style="list-style-type: none"> • Minor projects • Terms of reference for anything outside of the WMCA assurance framework decision making groups • Portfolio prioritisation process 		
				Critical Success Factors	
				<ul style="list-style-type: none"> • Clear objectives defined and documented • Timely meetings with key WMCA personnel • Availability and quality of information • Quick decision making • Support and availability of WMCA resources • Recommendations are recognised and understood by stakeholders • Connectivity and alignment with Benefits Management workplan delivery. 	

Investment Programme Controls and Assurance Scope: DELIVERY PLAN



WMCA Investment Programme

As-is Review Findings & Insights



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AS-IS REVIEW FINDINGS:

FINDINGS

Key findings

1. The role / relationship of PMO and the Programme Assurance team is not fully understood
2. Governance roles, responsibilities are not fully understood across the assurance framework
3. Investment decisions currently, are not evidenced based
4. There is limited/no risk management for projects flowing through the assurance framework
5. There is no overt requirement for “value assessment” and “value management planning” instilled in the financial case requirements
6. Levels of capability around technical assessment to incorporate financial risk management and support decision making

ADDITIONAL FINDINGS

1. There is a lack of clarity around Investment Programme terminology used across combined authority and delivery partners
2. Local Authorities believe they already own a portion of the Investment Programme money from Devo 1
3. There is no evidence as to how the contingent risk in funding is being measured or managed
4. There is a level of funding complexity from partial funding of programme and projects
5. Lack of understanding around the role of the SEP board in the decision making process. No outline Proposal (Stage 0) to manage alignment to SEP early in the planning
6. There is duplicate decision making on business cases that have already been through other appraisals processes
7. No clear timeframe expectation on business case approvals process
8. Lack of understanding around the role of the Investment Approval Board run by Finance Birmingham
9. Lack of robust Reporting and Dashboard for Investment Programme and inflight projects
10. There is no evidence of a programme of audits being undertaken on existing schemes to assess risk and alignment to strategic economic plan

AS-IS REVIEW FINDINGS:

FINDINGS by Areas

Overall Management

- There is unnecessary bureaucracy and slow decision making – processes, which need to be streamlined
- There are no defined strategies for relationship management between combined authority and delivery partners
- There are inconsistencies from strategy through to operations.

Management Control

- There are inconsistencies regarding project management methodology across Pillars (Priorities) – Project Management Handbook is required
- There are Change Control & Change leadership gaps – a dynamic and consistent reporting and approval mechanism is required.
- Access to more 'live' information is required to make people more accountable with a clear audit trail

Resource Management

- Need PMO resource to evaluate what we are doing
- Investment in people is great, lots of training etc.
- Honesty and openness required – need to be realistic about what can be achieved
- A lot of resource to pull on from Districts – not the same level of technical expertise in WMCA.

Stakeholder and Communications

- More effective sharing of information with partnerships required – no comprehensive communication plans
- Communications between WMCA and LEP – not very clear
- Communications strategy and protocols required – one message, dedicated person to manage this and a consistent system

Risk Management

- No clear evidence of how risks are measured?
- There is no standardised risk reporting methodology or a risk register
- No protocols in place to escalate risk from project, to programme or portfolio level

Financial and Cost Management

- There is no coherent financial risk contingency evaluation – this is due to minimal technical capabilities in some areas
- Improvement required to financial systems, communications and assurance
- Risk of not delivering Growth Fund within set timescales, no ability to re-profile expenditure
- No commercial assurance, No Market backed costs, no savings glide paths in OBC & FBC stages

Organisational Governance

- PMO operating model should be re-evaluated for capability, capacity and skill development.
- Need fully defined reporting and dashboard
- Need to have flexible decision making system not reliant on lots of committees
- There is a duplication of committees / panels – question the relevance of panels and who sits on them
- Improve the approvals process and evidence scoring mechanism
- Gateway approvals process – There is lack of evidence backed decision making

Benefits Management & Realisation

- Devo Deal very specific on outcomes required – there is no consistent output measurement at the moment
- PMO needs to understand full cycle of projects and capture benefits

Delivering Investment Programme

Design Principals, Recommendations and Next Steps



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built assets

Investment Programme Control and Assurance Design Principles

Design principles identify what Investment Programme controls and measures should be in place, to achieve the Objectives. They are statements of control and assure what the assurance framework should achieve and what it should be measured against.

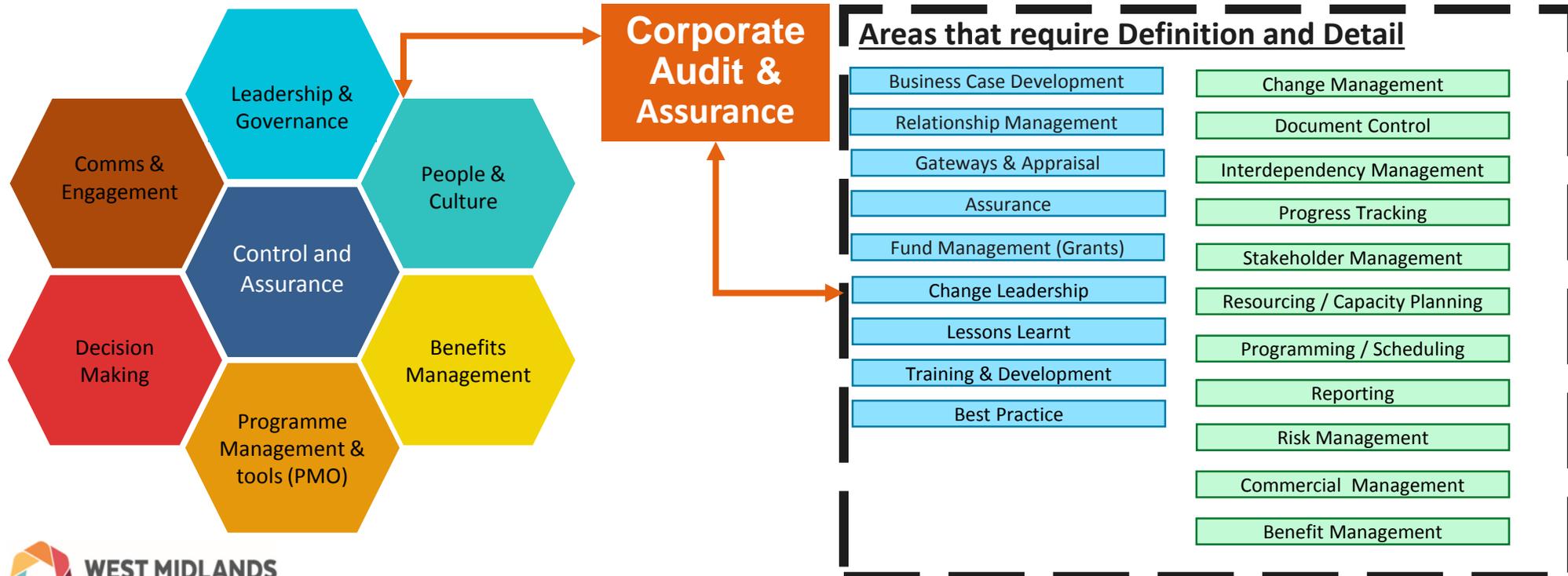
Design Principles have been identified through focus interviews, research and benchmarking

- **Escalation** – Controls and Assurance measures should have the ability to provide early warning indicators of performance and clearly identify accountability.
- **Scalable** – Control and Assurance measure should have the ability to increase or decrease in scope as more funding is secured or projects are paused / stopped in the future. Also should be able to support other areas outside the Investment Programme
- **Forecasting** – Control and Assurance must support the ability to develop a pipeline of projects
- **Flexibility** – Control and Assurance measures should have flexibility to work around modes of delivery within Constituent Authorities, with the ability to balance overhead costs and the scale of the Portfolio.
- **Safety** – Control and Assurance should not compromise on any aspect of safety and provide opportunities to improve
- **Visibility** – Control and Assurance measures should be simple, clearly defined and widely communicated to all stakeholders
- **Adding Value** – Control and assurance measures should improve skills and capabilities across the Portfolio and share best practice to continuously improve.
- **Benefit Realisation** - Support consistent and effective Programme / Project management processes that ensure policy initiative benefits are realised with deliverable schemes
- **Transparency** – Control and Assurance measures must provide one version of the truth
- **Standardisation** - Ensure the standardisation of Programme / Project processes and improve coordination across the organisation whilst minimising bureaucracy

Creating Control and Assurance

Areas of Focus

- ✓ Increased transparency of a unified approach to project, programme and portfolio management.
- ✓ Clear appraisal leading to the selection and progression of the right schemes.
- ✓ Establish a hub of best practice that can be accessed by the whole organisation.
- ✓ Manage project performance, track benefits and provide clear expectations for delivery staff.
- ✓ Single version of the truth supported by real time live information accessed by innovative technical solutions.
- ✓ More financial, technical and commercial accountability and evidence-based decision making.



Control and Assurance Recommendations

Based on as is review of the existing assurance framework and using the following design principals following recommendations are proposed for each of the areas

Leadership & Governance

Re-issue clear objectives of the Investment Programme fund and criteria for allocation of funds. Re-establish Management and evaluation Boards, reduce duplications in approvals process, introduce mechanism for early alignment of projects and programmes to economic plans.

Benefits Management

There is a need to capture baseline measurement to identify the current performance of the Investment Programme so that any improvement arising from the benefits management strategy can be measured with clear timelines and milestones.

Comms & Engagement

Introduce Single point of contacts between WMCA and Delivery organisation. A clear and comprehensive communications plan for implementation of Investment Programme for both internal and external stakeholders. A plan that can take everyone along on a journey

Programme Management & Tools (PMO)

A robust PMO Organisation that can define Objectives, Policy, Process, Governance & Responsibilities. Use an IT platform that supports delivery of the portfolio (Programme); It is able to define tangible outcomes required at each Milestone – with documentary evidence required for end of stage review). Supports Programme Director in Delivery organisations

People & Culture

A comprehensive upskilling within WMCA and delivery organisations with formal inductions and capability enhancement.

Decision Making

Implement simplified decision making based on Five Case framework, WebTag, Dft standards. Risk management and scoring system that includes, commercial assurance such as market back costs and value management plans. Early technical assurance of proposed schemes will result in financial risk management through the decision making process.

Investment Programme Controls and Assurance

Next Steps – Phase 2

Develop terms of reference for following:

1. Re-establish and re-socialise Investment Programme vision, governance strategy and leadership strategy
2. Simplify Investment Programme engagement common principals, evaluate control and assurance options and standardise terminologies
3. Propose organisational structure, PMO target operational model and role of Corporate Assurance
4. Introduce clear Investment Programme engagement model that simplifies relationship between combined authority (PMO & Audit) and delivery partners with clear expectations, support mechanism, roles and responsibilities
5. Define control & assurance measures for business cases using the “Five case business framework” for well documented and evidence based evaluation approach.
6. Embed assessment and “value management planning” within business cases for robust financial risk management and contingency planning
7. Define and re-formalise the appraisal boards with clear agendas, structure, roles and responsibilities
8. Propose an internal and external stakeholder engagement and communication plan
9. Define tactical, regional and strategic programme reporting mechanism and dashboards
10. Establish skill development opportunities, wider capability development and planning
11. Propose and explore a cloud based Portfolio management tool



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