



West Midlands
Combined Authority

Audit, Risk & Assurance Committee

Date	13 January 2020
Report title	WMCA Assurance Overview January 2020
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Report has been considered by	None

Recommendation(s) for action or decision:

Audit, Risk & Assurance Committee is recommended to:

- (1) Note the reporting capability from a refreshed Programme Assurance toolkit and approve recommendations in the summary section relating to future trend analysis reporting of project/programme performance information.
- (2) Note the capability an Integrated Assurance and Approval Plan (IAAP) will give the WMCA in focussing assurance activities across a 3 lines of defence model, taking into consideration the spectrum of risk.
- (3) Approve the recommendation to defer a position being reported into ARAC on compliance of Arm's Length Companies with the WMCA pre-agreed checklist until April 20.

1. Purpose of Report

This report follows information previously reported to ARAC in November 2019 and is intended to give members an update on specific matters relating to:

- a. Project & Programme Assurance
- b. Arm's Length Companies

2. Background

- 2.1. A report tabled at ARAC in November 2019 summarised Programme Assurance activity and gave an indication on direction of travel and areas of development. This report aims to respond to the request for articulation of trend analysis and movement in the performance of projects across the WMCA.
- 2.2. A report tabled at ARAC in November 19 outlined work that has commenced with Arm's Length Companies to ensure compliance with a pre-agreed checklist. This report will outline progress and seek a deferral for a summary of that activity to April 20.

3. Arm's Length Companies

- 3.1. Corporate Assurance have commenced work to check in with the Arm's Length Companies to ensure compliance with a pre-agreed checklist. This report requests a deferral of a summary of this activity until April 2020 given the limited timeframe available for Legal, Procurement and Finance colleagues to validate information that has been received and information that is awaited.
- 3.2. Progress since the last reporting period is summarised below:
 - 3.2.1 West Midlands Rail – Last compliance check dated December 18. Information awaited for internal validation of on-going compliance.
 - 3.2.2 West Midlands Development Capital Ltd – Last compliance check dated December 18. Information received and awaiting internal validation of on-going compliance.
 - 3.2.3 Midland Metro Ltd - Last compliance check dated December 18. Information awaited for internal validation of on-going compliance.
 - 3.2.4 WM5G Ltd – Last compliance check dated June 19. Information awaited for internal validation of on-going compliance.
 - 3.2.5 WMGC – Last compliance check dated June 19. Information received and awaiting internal validation of on-going compliance.

4. Programme Assurance

4.1 Programme Assurance have developed a toolkit to enable objective assessment of project performance throughout the project lifecycle which is generically made up of the following stages:

- a. Concept / Start-up
- b. Development / Definition
- c. Delivery / Deployment
- d. Closure / Hand-over

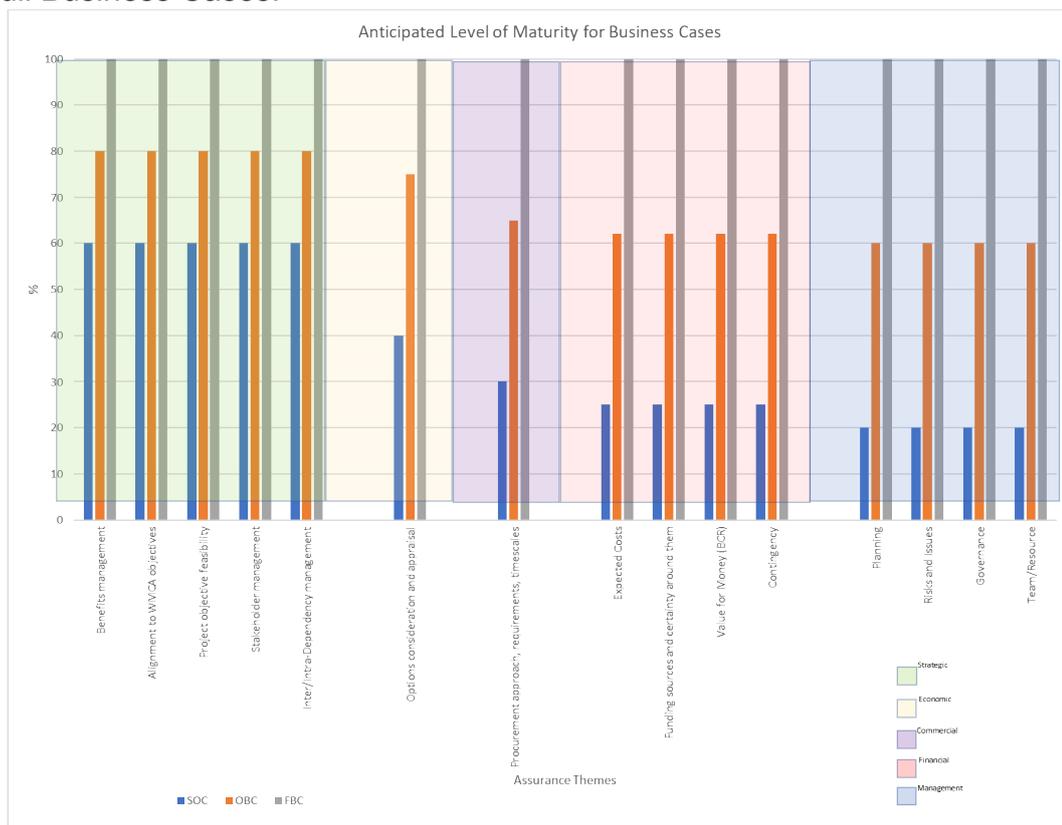
4.2 The following tools have been developed:

- a. Self-Assessment
- b. Business Case Assessment Tool (BCAT)
- c. Health Check

4.3 The Self-Assessment tool has been developed and is currently being tested by Project Managers. The intention is to ensure all WMCA Projects complete a '1st line of defence' self-assessment in order to identify areas for improvement and subsequently drive improvements across all projects.

4.4 BCAT is designed to be used at Concept/Start-up and Development/Definition stages. It provides an assessment of the maturity of a project's Business Case and enables Programme Assurance to determine the level of maturity of an Investment Proposal against the expected level of maturity as defined by HM Treasury.

4.5 The diagram below illustrates the types of themes that the BCAT tool will enable on-going trend analysis and reporting for across Strategic, Outline and Full Business Cases.



4.6 The Health Check is used when a project is in its Delivery/Deployment and Closure/Handover stages. It provides an assessment of a project's performance against ten categories.

4.7 The table below illustrates the Health Check categories tested (which form the basis of criteria and lines of enquiry) that inform an overall RAG rating.

Example Project	Client & Scope	Risks & Opportunities	Planning & Scheduling	Organisation Capability & Culture	Supply Chain	Solution Chain	Finance	Social Responsibility & Sustainability	Performance	Governance	Baseline Project Current Score
1	43%	54%	67%	60%	77%	50%	60%	73%	63%	80%	63%
2	33%	58%	62%	58%	33%	72%	63%	90%	79%	61%	61%
3	50%	45%	37%	53%	62%	28%	53%	70%	53%	60%	51%
4	15%	50%	23%	33%	56%	29%	27%	20%	23%	28%	30%
5	37%	69%	40%	50%	87%	46%	57%	60%	48%	63%	56%
6	43%	54%	67%	60%	83%	50%	60%	93%	63%	80%	65%
7	59%	50%	58%	60%	67%	50%	55%	40%	58%	79%	58%
8	81%	86%	35%	63%	29%	63%	53%	100%	78%	78%	66%
9	33%	58%	70%	56%	33%	59%	57%	90%	79%	59%	59%

Category Average	44%	58%	51%	55%	59%	50%	54%	71%	60%	65%
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4.8 In addition to the overall maturity and performance rating available from each of the tools, recommendations are also identified to improve performance. These recommendations are fed into delivery structures and accountable/responsible project leads with the view that when acted upon, performance is improved.

4.9 Programme Assurance are in the process of developing mechanisms and processes for tracking and monitoring the completion of recommendations with respective Portfolios. Progress with recommendations will be reported to CMT in order to drive improvements in project performance.

4.10 There are several challenges associated with Programme Assurance activity and consistency in reporting that are important to note, as outlined below:

4.10.1 Use of the new toolkit has meant the Programme Assurance team are in a transitional phase. An implication of this transition is that prior information held on project performance is not directly translatable into new assurance reporting and cannot therefore be used reliably for the purpose of trend analysis.

4.10.2 Moving forward, use of the new toolkit will enable reliable trend analysis to be reported.

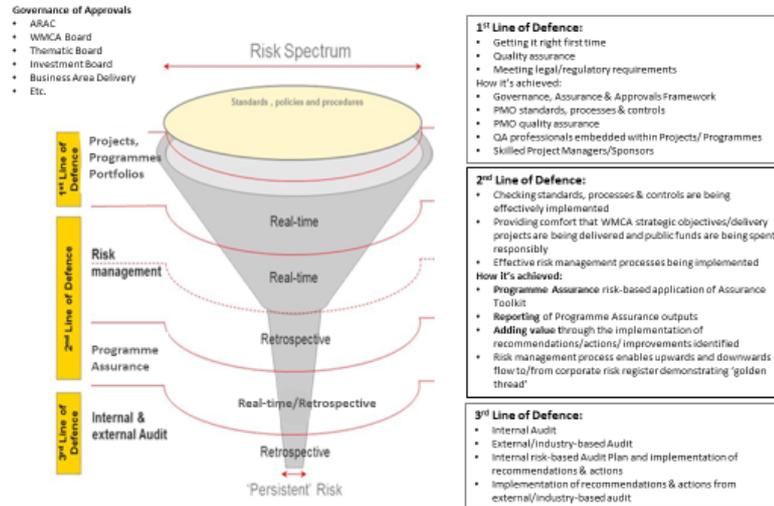
4.10.3 Programme Assurance assessments of performance do not take place at set intervals. At this time, activity is driven by specific stages of a project's lifecycle. As each project is unique in the way it moves through its lifecycle, the point at which assurance activity is undertaken is

variable. Ultimately this will impact on the availability of information for trend analysis of performance.

- 4.10.4 Programme Assurance are involved in the working group to implement the updated WMCA Governance and Approval process (inclusive of exception reporting and controls). The toolkit developed by Programme Assurance will be incorporated into the new process and enable effective performance reporting and trend analysis moving forward.
 - 4.10.5 Assessment of a project's performance is evidence driven; therefore, where evidence becomes, or is made available, this could positively or negatively impact on the overall assessment of performance. Ultimately, this could result in a moving (and not always linear) trend for performance.
 - 4.10.6 The Governance and Approval process piece of work that is progressing incorporates the need for minimum standards in the development and delivery of projects. It is anticipated that this will, to an extent, mitigate against movement of performance because the evidence and supporting information required to assess performance will be mandated by minimum standards. These minimum standards and processes will help to ensure core components for successful project delivery are embedded across all projects.
- 4.11 The Programme Assurance team are also developing a WMCA-wide Integrated Assurance and Approval Plan (IAAP). The IAAP is an industry standard promoted by the Major Projects Authority (formerly Infrastructure Projects Authority). While the IAAP is a work in progress, when fully implemented, it will provide WMCA with a strategic planning capability for assurance activity across a 3 lines of defence model.
- 4.12 The IAAP will enable WMCA to better understand and focus appropriate and proportionate assurance activity for projects and programmes in an integrated assurance environment. The diagram below illustrates the range of assurance activities across a 3 lines of defence model.

WMCA and the 'Three Lines of Defence'

Three Lines of Defence



5. Summary

- 5.1 The updated Programme Assurance toolkit will enable the WMCA to review the overall performance of projects and provide a mechanism to ensure recommendations are tracked and monitored in order to drive improvements. In addition, the toolkit will enable oversight and trend analysis across specific factors and themes.
- 5.2 This report recommends that Programme Assurance provide a quarterly update to ARAC, with the next update to be tabled in April 2020. This update will provide trend analysis in the factors used to assess performance from the BCAT and Health Check tools referenced earlier in this report, together with an update on progress in the implementation of the Self-Assessment Tool and IAAP.
- 5.3 The role and effectiveness of Programme Assurance will be solidified and enhanced through delivery of the Governance and Approval work that is being progressed.
- 5.1. Activity has commenced to check compliance of all Arm's Length Companies with the WMCA pre-agreed checklist. This work is on-going and this report seeks a deferral to April 20 when a summary of this activity is planned to be reported.

6. Financial Implications

N/A

7. Legal Implications

N/A

8. Equalities Implications

N/A

9. Inclusive Growth Implications

N/A

10. Geographical Area of Report's Implications

N/A

11. Other Implications

N/A

12. Schedule of Background Papers

None