



West Midlands
Combined Authority

Overview & Scrutiny Committee

Date	9 March 2020
Report title	Single Assurance Framework Project
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Recommendation(s) for action or decision:

The Overview & Scrutiny Committee is recommended to:

- (1) To note the report.

1. Purpose

1.1 The purpose of this report is to provide the Overview & Scrutiny Committee with:

- (a) an overview of the Single Assurance Framework Project
- (b) a response to key questions raised by OSC
- (c) an overview of ambitions of the Single Assurance Framework Project as they relate to Governance of the WMCA

2. Background

2.1 The Single Assurance Framework Project draws together several drivers for change from outside and within the WMCA and seeks to address these drivers through a single connected project. These drivers for change are as follows:

1. Governance Review & Observations
2. National Local Growth Assurance Framework Requirements
3. Corporate Services Review
4. Audit Actions / A.R.A.C Recommendations
5. Monitoring & Evaluation Requirements
6. WMCA Governance Continuous Improvement Agenda

2.2 The key elements of the drivers for change are:

- The CA has an ever-developing process to assess progress in delivering its strategic objectives which is not yet able to demonstrate the 'golden thread' from the strategic objective down through to delivery unit performance (demonstrating how actions contribute to delivery of strategic objectives)
- Internal processes for project development are perceived to be overly bureaucratic and not providing effective levels of challenge
- Improvements to processes to ensure appropriate and effective technical challenge should be introduced in replacement of the current Technical Appraisal Panel (TAP) process
- The Investment Advisory Group (IAG) could provide more effective and appropriate challenge and the necessary technical expertise in order to deliver enhanced support for effective decision-making
- The existing Assurance Framework is not compliant with Government's National Local Growth Guidelines following recent changes to the Guidelines

2.3 All these drivers have been recognised and taken on board in a single project entitled the Single Assurance Framework Project which seeks to deliver:

1. Improved Strategic and Project Planning processes
2. Golden Thread from WMCA strategic objectives through project development and delivery
3. Consistent project development processes that meet specific WMCA and National standards across all WMCA activity
4. Enhanced Assurance Framework document and processes to reflect improvements to project development, are fully compliant with requirements of Governments National Local Growth Guidelines and deliver ARAC and Internal Audit recommendations
5. Creation of a WMCA wide Activity Register with supporting Portfolio Project Pipelines
6. Investment Panel to support Investment Board in delivery of a higher threshold of consideration of Investment Programme proposals in order to drive prioritisation,

investment and commercial considerations in decision-making above the threshold required in project development

7. Political oversight of project development and delivery through Thematic Boards
8. Creation of strategic data capture and Monitoring & Evaluation regime to support Performance Management Framework and create a system that enables us to 'deliver' and demonstrate grip over core projects and programmes of the WMCA and ensure WMCA Boards/ Committees have access to required data to perform their roles effectively

3. Single Assurance Framework Project

- 3.1 The intent of the project is to develop a Model that is supportive to Portfolios and Directorates, ensuring earlier input to project development for Legal and Finance, ensuring earlier opportunities for cross portfolio developments and inclusive growth considerations and delivering Director responsibility for the quality of content of projects developed. This involves the development of a Single Assurance Framework for the WMCA that will provide a single set of systems, processes and protocols designed to provide an evidence-based and independent assessment of the governance, risk management, and control processes for the WMCA.
- 3.2 The Assurance Framework enables organisations to monitor, measure and scrutinise to ensure objectives are being delivered and risks managed. It also implements processes to ensure an adequate response if risks or performance are perceived to be unacceptable.
- 3.3 A new Assurance Framework document for the WMCA is therefore under development that reflects the improvements required by the various drivers for change and reflects the developing Single Assurance Framework model that is in development.
- 3.4 The Audit, Risk & Assurance Committee have received reports at their September and November 2019 meetings explaining the intent of the new framework and its development process and providing the opportunity for project challenge. It is the responsibility of WMCA Board to provide final approval of a new Assurance Framework Document. The intention is to take a report to the WMCA Board AGM on 5th June 2020 to consider and adopt a new Assurance Framework document.
- 3.5 A project plan has been developed to deliver the project; this plan has been broken down into 3 tranches which include delivering the following:
- 3.6 Tranche 1
 - Consistent Project Initiation Process driven by Directorates that is in line with WMCA strategic objectives
 - Consistent Project Development Process with WMCA Minimum Standards and guidance to apply to all projects in line with WMCA strategic objectives
 - Thematic Board political oversight and purposeful core roles
 - Financial Delegations appropriate to support effective decision-making
 - Ability to meet Directorate requirements such as 2 stage decision-making and speedy but thorough process
 - Creation of WMCA Activity Register (supported by Portfolio Project Pipelines) to capture required data to support effective decision-making
 - Out of Directorate checkpoint process to provide Directors with observations on maturity of project development and compliance with WMCA Minimum Standards
 - Director Approval process to ensure Director takes responsibility for project progress and quality of its content

- Investment Panel process, to replace IAG, to provide effective support to Investment Board
- Amended terms of reference for Investment Board
- Project Development Support Requirements

3.7 Tranche 2

- Establish a consistent process across the WMCA for identifying opportunities and making bids for additional powers/ responsibilities/ funding
- Deliver required improvements (if identified) to Formal Governance Boards and Committees resulting from Tranche 1

3.8 Tranche 3

- Improved process and data capture for informing future Strategic Objectives
- Improved Business Planning processes
- Improved Business Delivery Processes
- Enhanced Performance Management Framework
- Strategic Data Capture functionality and delivery
- Monitoring & Evaluation Regime

3.9 The intention is to complete Tranche 1 by June 2020; this will involve a number of documents being considered by at the WMCA Board AGM on 5 June 2020. These are:

- Single Assurance Framework Document
- WMCA Constitution
- Thematic Boards Terms of Reference
- Investment Board Terms of Reference

3.10 An overview of the Single Assurance Framework Project has already been provided to the Overview and Scrutiny Committees Governance Review Working Group. At the present time, those leading the project are working up the finer details of how these proposals can be put into practice in conjunction with the WMCA Senior Leadership Team. This includes a greater role for Thematic Boards in project initiation, monitoring and implementation, delegation levels which recognise the need for smooth and efficient decision-making whilst delivering transparency and the changes around Investment Board procedures mentioned above.

4. **Questions**

4.1 A number of questions were submitted at the OSC Agenda setting meeting to the Head of Governance, answers to these are provided below:

4.2 **Question: How will the new systems being developed drive a sense of political and common purpose?** A key driver for change is ensuring that a 'golden thread' exists from the agreed Strategic Objectives of the WMCA (which should be set by the Board through the Annual Planning process) down through all of its activity and into its deliverables. This means making sure that WMCA investment and spending activity has a strategic fit and is attempting to deliver the agreed Strategic Objectives. An ambition of the project is to develop an assurance model that focuses all aspects of the WMCA on delivery of its strategic objectives, ensuring that it explores cross collaboration opportunities between portfolios to avoid working in silos and monitors and evaluates deliverables to see how successful it has been.

4.3 **Question: How will the systems being developed ensure investment decisions are linked to and informed by WMCA agreed policy?** As stated above the ambition is to deliver a 'golden thread' throughout all activity from the strategic objectives down to delivery. Tranche 1 of the project will deliver a project initiation process that will require justification and assessment of the strategic fit of activity as well as monitoring and evaluation plans and details on the intended strategic objective benefits of the activity being proposed. The model being developed will ensure strategic data is captured and fed into performance management arrangements, formal Boards and Committees and into the WMCA to enable oversight and accountability of development and delivery of activities.

4.4 **Question: How agile are our changes? (in order to reflect agreed policy i.e. climate emergency)** The intention of the model under development is to ensure a focus on delivering the agreed strategic objectives, therefore if the WMCA amends and adds to these objectives the new intent/ ambition will need to be reflected in the activity that the WMCA undertakes. The Project development process under development for example requires activity to demonstrate how it is compliant with WMCA Major Policy. Obviously, many capital schemes are developed and delivered over a long time period however the system should deliver the ability to be agile in terms of changing priorities where that is appropriate and possible.

In addition the model proposes creating pre-qualification criteria so that all in-year proposals that are received (whether they be internal, from Central Government, LEPs, Partners, Councils) would be required to meet pre-qualification before being considered for initiation. This would include justification regarding the strategic fit of the proposal. There will also be a process for in-year suggestions and developments in order to ensure political oversight where they do not strategically fit with the strategic objectives.

4.5 **Question: How will the new system under development deal with under the radar investment which did not fit WMCA policy/ objectives?**

Another deliverable from the Model will be a WMCA wide activity register that will detail all activity regardless of whether it is in development or delivery. This information will be available for review, with Thematic Boards asked to challenge proposals in development that do not strategically fit or to seek further justifications on how they strategically fit. This information would also be available to the Overview and Scrutiny Committee who could use the data to hold decision-makers to account.

4.6 Members of the Overview and Scrutiny Committee are invited to ask further questions at the meeting as they relate to the Single Assurance framework Project.

5. Next Steps

5.1 A report on the Single Assurance Framework Project with detailed proposals on the Investment Board process will be taken to the Investment Board meeting on the 20 April 2020.

5.2 A report on the project and how it will deal with previous audit recommendations as well as an update on the project will also be taken to Audit, Risk and Assurance Committee on the 21 April 2020. This will be the third time the project has reported into this Committee.

5.3 The intention is to take a new Assurance Framework to the WMCA Board AGM on the 5 June 2020 for approval.

6. Financial Implications

6.1 The cost of implementing the changes detailed within the report are being managed within existing resources.

7. Legal Implications

7.1 The WMCA is required to maintain an assurance framework which ensures that investment and spending decisions are made in the light of relevant considerations and proper stewardship of public monies is provided. This report outlines development work which is in progress with the overall objective of ensuring this objective continues to be met.

8. Equalities Implications

8.1 There are no equalities implications arising from this report.

9. Inclusive Growth Implications

9.1 There are no specific inclusive growth implications arising from this report however improvements to the Assurance Framework, particularly around ensuring that decisions are informed by strategic objectives and policy will enhance the Authority's ability to deliver on its ambitions for inclusive growth.

10. Geographical Area of Report's Implications

10.1 There are no geographical area implications arising from this report.

11. Other Implications

11.1 There are no other implications arising from this report.

12. Schedule of Background Papers

12.1 Not applicable.

13. Appendix

13.1 There are no appendices to this report.