

Audit, Risk & Assurance Committee

Date	14 July 2020
Report title	Adoption of a Revised Single Assurance Framework
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Report to be considered by	Audit, Risk & Assurance Committee Senior Leadership Team

Recommendation(s) for action or decision:

The Audit, Risk & Assurance Committee is recommended to:

- (1) Note the work that has been undertaken to date on developing the Single Assurance Framework and the decision-making process and the intent behind the proposed way forward as detailed in Appendix A.
- (2) Endorse the Single Assurance Framework for approval by WMCA Board.

1. Purpose

- 1.1 The purpose of this report is to provide ARAC with an update on progress in delivering the Single Assurance Framework Project, arising from the drivers for change outlined in previous reports to ARAC in September and November 2019.
- 1.2 To request that ARAC provide comment on the attached revised DRAFT Single Assurance Framework document and endorse the intent to submit the document to WMCA Board for approval on the 24 July 2020.

2. Objectives and Intent of the Project

- 2.1 In September 2019 and November 2019, the Investment Programme Governance Audit Update report provided ARAC with an update on work undertaken to address previously agreed audit actions and provide details of proposals agreed by SLT to enhance the Assurance Framework through delivery of a number of key governance improvements.
- 2.2 Those reports also provided significant background details regarding the Governance and Assurance Project entitled 'the Single Assurance Framework Project' and how the project draws together several drivers for change from outside and within the WMCA and seeks to address these drivers through a single connected project.
- 2.3 The objectives of the Single Assurance Framework Project have been set out in previous reports to this Committee, that being to deliver:
 1. Improved Strategic Planning processes
 2. Golden Thread from strategic objective 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 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. Enhances support Panel for Investment Board to assist in delivery of a higher threshold of consideration of Investment Programme proposals
 7. Effective purpose and link into formal governance mechanisms provided through Thematic Boards
 8. Creation of strategic data capture and Monitoring & Evaluation regime to support Performance Management Framework and ensure WMCA Boards/ Committees have access to required data to perform their roles effectively
- 2.4 As well as responding to the drivers for change highlighted in previous reports a Single Assurance Framework will deliver the following:
 - Provide WMCA with Financial and Governance Protections for stewardship of public funds
 - Improve standards of project initiation, development, delivery and oversight
 - Trust and empower WMCAs officer expertise
 - Provide the necessary consistency, controls and clarity that will deliver confidence in the WMCAs decision-making and ability to deliver

- Embed appropriate Assurance and lines of defence within project development and decision-making process
- Manage political and reputational risks

3. The Single Assurance Framework Document

- 3.1 A considerable amount of progress has been made since the last report to ARAC on the Governance Model and its definitions and purpose, as well as its supporting artefacts, all of which will inform the new Single Assurance Framework document.
- 3.2 This progress has been broken down into key elements as follows:
- Governance improvements required to deliver Single Assurance Framework
 - Engagement with Central Government
 - The Single Assurance Framework Document

Governance improvements required to deliver Single Assurance Framework

- 3.3 Throughout December 2019 up until March 2020 a number of key approaches, processes and recommendations were developed for the purpose of supporting delivery of the Single Assurance Framework. This information was presented to WMCAs Senior Leadership Team and discussed over 4 meetings across February and March 2020 and resulted in the endorsement of the approach to Single Assurance Framework under development.
- 3.4 The SLT endorsed approach included the following:
- 3.4.1 **Officer Scheme of Delegations** - The intended Value to be added through the new scheme of delegations is as follows:
- Provide clarity on Officer delegation levels
 - Improve Officer delegation levels to assist effective decision-making within agreed level of Officer Delegations limit (< £5million as per previous scheme)
- 3.4.2 **Project Development process** – SLT has endorsed new approach to project initiation, development, business cases and assurance that will replace the TAP process. This involves:
- Initiation – Consistent process to drive strategic justification and early finance and assurance considerations
 - Development – Compliant and proportionate business cases built around Green Book and five case model
 - Monitoring & Evaluation and National Local Growth Guideline requirements delivered
 - Assurance Offer – Business case Assessment Tool to guide project development and provide maturity assessment of business cases
 - Legal, Finance, collaboration and inclusive growth considerations and early engagement requirements in all business cases
 - Executive Director accountability for all projects developed

3.4.4 **Investment Board** - Enhanced the functions and terms of reference of the Investment Board to identify changes that would assist delivery of the project key principles and a Single Assurance Framework. This has resulted in new Terms of Reference and supporting processes that were endorsed by the Investment Board in April 2020.

3.4.5 The intended Value to be added through the amendments to the Investment Board are:

- To enhance the role and functionality of the Investment Board
- To enable ability to monitor and report on Investment Programme outputs
- To introduce additional controls to monitor and evaluate delivery, creating ability to review projects that failing to deliver
- To ensure appropriate documentation exists for all approvals

3.4.6 **Replace IAG with an Investment Advisory Panel** – SLT has endorsed creation of an Investment Panel to support the Investment Board.

- its remit will be the Investment Programme
- it will provide observations to the Investment Board
- its function will be to validate, challenge, support and examine proposal content
- it will provide an output, identifying key lines of enquiry and key risks as well as making recommendations to enhance the proposal content
- it will also provide support to the Investment Board in undertaking a review of performance and delivery if required
- it will undertake formal reviews of projects and instruct change requests if determined as necessary by the Investment Board
- the membership will consist of core roles that reflect HMTs 5 case elements for Business Cases. The intention is to use these roles to drive home the quality of information within Business Cases and ensure they are processed in line with HMTs guidance.

3.4.7 **Support Non-Investment Fund Project Approvals through an Advisory Panel** – In seeking to deliver a Single Assurance Framework the WMCA needs to have a consistent approach to approvals. The functionality of the Advisory Panel will mirror that of the Investment Panel and will add a significant second line of defence activity to proposal consideration.

3.4.8 The Advisory Panel will support decision-making at WMCA Board in the same way that the Investment Panel will support the Investment Board.

3.4.9 **Non-Delegated Decision-Making** - Clear pathway being proposed for Investment Programme approvals and Non-Investment Programme approvals, these are designed to focus the Investment Board on the Investment Programme and ensure the required considerations are introduced to Non-Investment Programme approvals. The value this approach seeks to deliver is as follows:

- Increased focus on Investment Programme
- Clarity on decision-making
- Better informed decision-making process

3.4.10 Thematic Board Oversight and Support – The Single Assurance Framework has implications for and provides opportunities to Thematic Boards. SLT has accepted the need to provide a consistent role and purpose for all Thematic Boards to help support effective, clear and accountable decision-making by and within the Combined Authority.

Engagement with Central Government

- 3.5 The SAF Project Group have been engaging with the Cities and Growth Unit, Department for Transport and Department for Education in developing the Single Assurance Framework, this engagement has involved regular meetings and review of documentation to ensure that the new Assurance Framework document will be fully compliant with National Local Growth requirements.
- 3.5 Significant progress has been made resulting in the DRAFT Single Assurance Framework document being submitted to the Cities and Local Growth Unit for review on the 25 June 2020. The Cities and Local Growth Unit have previously indicated that it will take 1 to 2 weeks to review the DRAFT.
- 3.6 An update on progress with the Central Government clearance process will be presented to ARAC at the meeting on 14 July.

The Single Assurance Framework Document

- 3.7 As stated above the DRAFT Single Assurance Framework document has been submitted to the cities and local Growth Unit for review with the intention of working towards a version cleared by Central Government in time for the WMCA Board meeting on the 24 July 2020.
- 3.8 The DRAFT document has been pulled together following extensive work by the Project Group as previously outlined to ARAC in the September and November 2019 meetings. In addition, the DRAFT document has been reviewed by the WMCAs statutory Officers and Director of Strategy.
- 3.9 The Project Group are confident that the DRAFT document will be fully compliant with the National Local Growth Assurance Framework.
- 3.10 A copy of the DRAFT Single Assurance Framework is attached at APPENDIX A. Section 5 outlines the enhancements to the Project Lifecycle previously discussed at this Committee, these enhancements are intended to address outstanding ARAC recommendations and Audit actions as well as respond to the drivers for change outlined in previous reports.
- 3.11 ARAC Members should note that the diagram in section 3.1 of the DRAFT Single Assurance Framework document is not complete, this diagram will be updated and completed once WMCA Board has discussed potential amendments to Thematic Boards.

4. The Single Assurance Framework Project

- 4.1 The Single Assurance Framework Project is not just about developing a new project lifecycle and an enhanced Assurance Framework, the project has been separated into 3 development tranches with the current focus on delivering Tranche 1.

- 4.2 Tranche 1 focuses on delivering an enhanced Single Assurance Framework document as well as:
- Consistent Project Initiation Process driven by Directorates
 - Consistent Project Development Process with WMCA Minimum Standards and guidance to apply to all projects to replace TAP
 - Thematic Board political oversight and purposeful core roles
 - Financial Delegations appropriate to support effective decision-making
 - Directorate accountability for quality and content of projects being developed
 - Investment Panel to replace IAG
 - Advisory Panel to support non-investment programme approval considerations
 - Enhanced focused role and terms of reference for Investment Board
 - Enhanced Assurance offer from Strategic Hub
 - Creation of WMCA Activity Register and supporting Portfolio Pipelines
- 4.3 Tranche 2 will seek to deliver the following:
- Consistent process for identifying new opportunities that ensures political and organisational buy-in to approach, prevent silo mentality and involves appropriate finance involvement
 - Initial review of impact of Tranche 1
 - Identify skills and training requirements for Boards and Committees resulting from Tranche 1
 - Identify and develop strategic data feeds for Boards and Committees
 - Identify and develop performance reporting requirements for Boards and Committees
- 4.4 Tranche 3 will seek to deliver the following:
- Develop how WMCA and the region sets strategic objectives, ensuring that strategic data is utilised to inform future objective setting
 - Develop strategic prioritisation process
 - Develop enhanced Annual Business Planning process
 - Explore pre-qualification criteria
 - Enhance exception reporting mechanisms
 - Embed IAAP
 - Develop and deliver M&E regime
 - Develop and deliver data intelligence regime
 - Enhance or renew Performance management Framework
 - Review implications, successes and failures of Tranches 1 and 2
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- 4.5 There is also various workstreams associated with the Economic Recovery efforts following COVID-19 in play, this may also have implications for how the Single Assurance Framework operates. Once these are better understood an update can be provided to ARAC.
- 4.6 If the Single Assurance Framework is approved by WMCA Board on 24 July then a phased transition period will begin as the WMCA begins to implement the document and the associated governance improvements. Work will then begin on developing Tranche 2 and 3 of the project.

5. Financial Implications

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

6. Legal Implications

- 6.1 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.

7. Equalities Implications

- 7.1 There are no equalities implications arising from this report.

8. Inclusive Growth Implications

- 8.1 There are no inclusive growth implications arising from this report although it should be noted that Inclusive Growth considerations have been built into the enhanced project lifecycle contained within the Single Assurance Framework.

9. Geographical Area of Report's Implications

- 9.1 There are no geographical area implications arising from this report.

10. Other Implications

- 10.1 There are no other implications arising from this report.

11. Schedule of Background Papers

- 11.1 September 2019 ARAC – Investment Programme Governance Audit Update
- 11.2 November 2019 ARAC - Investment Programme Governance Audit Update

12. Appendix

- 12.1 APPENDIX A – DRAFT Single Assurance Framework