

WMCA Board

Date	24 July 2020
Report title	Adoption of a Revised Single Assurance Framework
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Report has been considered by	Strategic Leadership Team - 1 July 2020 Programme Board

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Approve the amended Assurance Framework as detailed in Appendix A.
- (2) Approve the amended Officer Scheme of Delegations as detailed in paragraph 4.4.
- (3) Approve amended terms of reference for Investment Board as detailed in Appendix B.

1. Purpose

- 1.1 The purpose of this report is to present an updated and enhanced Assurance Framework document to the WMCA Board for approval that responds to the National Local Growth Assurance Framework. This work is a requirement for all Mayoral Combined Authorities and reflects a 'single' Assurance Framework approach to apply to all funding sources.
- 1.2 The purpose of the Assurance Framework is to set out how the West Midlands Combined Authority (WMCA) will use public money responsibly, both openly and transparently, and achieve best value for money. The intent of the review has been to streamline and improve decision-making, driving best practice and consistency. It is more important than ever that we can facilitate the investment of monies into the Region without delay whilst still adhering to the standards that we have set ourselves and those attaching as conditions to national funding.

2. Background

- 2.1 The WMCAs existing Assurance Framework was agreed in 2016 prior to the election of the Mayor. In 2019 MHCLG issued an updated National Local Growth Assurance Framework that the Combined Authority is required to comply with.
- 2.2 The WMCA has been working on a Single Assurance Framework Project to develop and deliver several key improvements in how the WMCA operates, considering our experience to date. This work will also ensure the Assurance Framework meets the requirements of the National Local Growth Assurance Framework which applies to all Mayoral Combined Authorities (MCAs). The National Local Growth Assurance Framework applies to all funding and investment decisions of the Combined Authority and it may be utilised to inform the 5-year gateway review.
- 2.3 The National Local Growth Assurance Framework requires several enhancements to existing practices and the current Assurance Framework.
- 2.4 The purpose of the Single Assurance Framework is to deliver the following:
 - Deliver consistency and accountability within decision-making
 - Ensure ability to develop projects at speed whilst maintaining required development standards
 - Provide WMCA with Financial and Governance Protections for stewardship of public funds
 - Improve standards of project initiation, development, delivery and oversight
 - Ensure that there is alignment between organisational objectives and outputs - "the Golden Thread"

3. The Single Assurance Framework

- 3.1 The enhanced Assurance Framework document is attached at **Appendix A**; this is an updated and enhanced version based on the existing Assurance Framework that delivers compliance with the National Local Growth requirements. There are a number of key points to note about its content such as:

- 3.2 **Remit** – This is a Single Assurance Framework, it applies to all bids, projects and programmes that place a financial liability onto the WMCA that are not classed as business as usual (BAU) revenue expenditure. It covers all capital proposals. A Single Assurance Framework provides consistency of proportionality, approach, standards, appraisal, assurance and decision-making across all funding pots which will provide clarity to Directorates, Partners, Sponsors and Government.
- 3.3 **Project Lifecycle** – The Single Assurance Framework delivers a simplified approach to project initiation, development, business cases and assurance that will replace the existing TAP process. The new approach allows Directorates and Partners to set the pace of project development rather than having to fit into an assurance timetable that operated under TAP, delivering efficiency in the time it takes to get projects approved whilst improving the standard of project development.
- 3.4 WMCA Board should note that not all FBCs will come to WMCA Board for approval in the future. Instead WMCA Board will only be asked to approve projects that are not within existing delegations which are +£20Million for Investment Programme and +£5Million for Non-Investment Programme.
- 3.5 **Business Case Approach** - All projects and programmes will be required to demonstrate adherence to the “golden thread” and the Single Assurance Framework, ensuring projects positively contribute to the agreed strategic objectives of the region. Treasury guidance and requirements around the five case elements in business case production remains in place and is enhanced through WMCA specific requirements such as Inclusive Growth.
- 3.6 Business Cases will be required to take a ‘Board Friendly’ approach, this means that they will be required to focus on providing a summary of key information to decision-makers supported by detailed papers where necessary. Detailed information will be provided through associated documents which will help drive proportionality as well as better informing decision-makers.

4. Governance Changes

- 4.1 There are governance improvements required as a result of the Single Assurance Framework enhancements, these are as follows:
- 4.2 **Officer Scheme of Delegations** – The combined Authority has an Officer Scheme of Delegation in accordance with section 101 of the Local Government Act 1972, which enables the WMCA to delegate any of its functions which are not reserved to the WMCA Board. The existing officer Scheme of Delegations is detailed in the WMCA Constitution.
- 4.3 No overall increase in the level of financial delegation (currently £5m to the Chief Executive) is sought however in order to provide swifter more efficient decision-making some changes in the structure of the delegations are sought.
- 4.4 It is proposed that Officer financial delegation levels to be amended as follows:

Delegation Level	Delegated Authority
£1Million to £5Million	Appropriate Executive Director + Section 151 Officer + Monitoring Officer (+ Investment Programme SRO for Investment Programme Approvals) - <i>(Joint delegation requiring collective approval)</i>
Up to £1Million	Appropriate Executive Director (+ Investment Programme SRO for Investment Programme Approvals)
Up to £500k	Operational Directors
Up to £250k	Heads of Service
Up to £50k	Managers
Up to £5k	Administrators
Urgency requirement and for variations up to £5Million	Chief Executive

- 4.5 **Investment Board** – Amendments to the functions and terms of reference of the Investment Board to assist delivery of the project key principles and the Single Assurance Framework are proposed. This has resulted in a new Terms of Reference and supporting processes being proposed that were considered and endorsed by the Investment Board on the 20 April 2020. These include changes to the support given to Investment Board, currently through Investment Advisory Group, with it being replaced through a more focussed panel which will drive the delivery of the SAF principles. This process would still involve Constituent and Non-Constituent membership. The Investment Board considered the Investment Panel element of the Panel Support proposal at its meeting on the 20 April 2020 and endorsed the approach.
- 4.6 These amendments (shown at **Appendix B**) have been endorsed by the Investment Board and are intended to add value to the role of the Investment Board by:
- enhancing the role and functionality of the Investment Board
 - enabling the ability to monitor and report on Investment Programme outputs
 - introducing additional controls to monitor and evaluate delivery, creating ability to review projects that are failing to deliver
 - ensuring appropriate documentation exists for all approvals
- 4.7 **Thematic Boards** – The Single Assurance Framework recommends each Thematic Board undertake a set of core roles. The intention is to provide a consistent role, purpose and approach across all the Boards to help drive effective, clear and accountable decision-making, ensure appropriate political oversight and support for Portfolio Leads and to support the intent to deliver a ‘Golden Thread’ from strategic objective through initiation, development, delivery and evaluation within the WMCA.
- 4.8 Further work will be undertaken in the coming weeks to develop how the SAF Core Roles will be delivered at each Thematic Board, this will involve engagement with Thematic Boards, WMCA Portfolio Leads and the Mayor.

5. Engagement

- 5.1 The Single Assurance Framework Project Group have been engaging with the Cities and Local Growth Unit, the Department for Transport and the Department for Education in developing the Single Assurance Framework. This engagement has involved regular meetings and a review of documentation to ensure that the new Assurance Framework document will be fully compliant with National Local Growth requirements.
- 5.2 At the point of publishing this report engagement with the cities & Local Growth Unit was progressing well, an update on engagement will be provided at the WMCA Board meeting.
- 5.3 The core principles, components and processes of the Single Assurance Framework have been considered and endorsed by WMCAs Senior Leadership Team and the Audit Risk & Assurance Committee. The Single Assurance Framework approach, amendments to the Investment Board and the proposed Support Panel approach have also been endorsed by the Investment Board.

6. Next Steps

- 6.1 If the Single Assurance Framework is adopted then a phased approach to implementation will be adopted that takes account of the current development stages of existing projects and programmes.

7. Financial Implications

- 7.1 There are no direct spend or budgetary implications as a result of the recommendations within this report. The assurance frameworks and delegated approval structures detailed within this report are considered to be appropriately designed to ensure WMCA deliver value for money against all its investments and that the financial controls and checks required to deliver those investments are robust.

8. Legal Implications

- 8.1 It is a statutory requirement that the Combined Authority has an assurance framework in place. There are also statutory duties on the Authority in relation to best value and securing the best use of public money in terms of projects and spending. Failure to have a robust assurance framework in place would result in action by the Authority's internal and external auditors and would affect the value for money judgement provided on an annual basis. It could also result in action being taken by the WMCA Statutory Officers

9. Equalities Implications

- 9.1 There are no specific equalities implications arising out of this report.

10. Inclusive Growth Implications

- 10.1 The WMCA has developed its own standards that it wishes to drive through its projects and programmes, one of which is consideration and development of Inclusive Growth. Continued regional inequalities and the impact of Covid-19 on some groups reinforces the need for the WMCA to continue to develop processes and initiatives to drive inclusive growth.

11. Geographical Area of Report's Implications

- 11.1 The Assurance Framework applies to any relevant activity across both Constituent and Non-constituent areas.

12. Other Implications

- 12.1 None

13. Schedule of Background Papers

13.1 [ARAC September 2019](#)

13.2 [ARAC November 2019](#)

13.3 [ARAC July 2020](#)

14. Appendices

- 14.1 Appendix A – Draft Single Assurance Framework Document
- 14.2 Appendix B – Proposed Investment Board Draft Terms of Reference