

23<sup>rd</sup> March 2020

## **ASSURANCE FRAMEWORK**

### **Purpose of Report**

Each year the Sheffield City Region (SCR) LEP and MCA is required to update its Assurance Framework to ensure that robust, transparent and effective governance arrangements are in place. The draft Assurance Framework 2020 has been prepared in response to Government guidance. This paper seeks approval of the draft Assurance Framework.

### **Thematic Priority**

The Assurance Framework underpins all six thematic priorities of Sheffield City Region's Strategic Economic Plan (SEP) by defining the key processes and policies that SCR LEP and MCA will use in administering public funds.

### **Freedom of Information and Schedule 12A of the Local Government Act 1972**

Under the Freedom of Information Act this paper and its appendices will be made available under the SCR Publication Scheme.

### **Recommendations**

That the MCA:

1. Approves the updated Assurance Framework set out at Appendix 1 for publication by 31st March 2020.
2. Notes that the Assurance Framework will need to be revised following the completion of the Devolution Deal and submitted to Government for approval (paragraph 2.4).

## **1. Introduction**

- 1.1** Each year the Sheffield City Region (SCR) LEP and MCA are required by Government to update and publish its Assurance Framework. The Assurance Framework sets out how the SCR will use public money responsibly, make robust decisions, achieve best value for money and act in an open and transparent manner. It explains the SCR structures and Boards that make decisions, outlines the policies and procedures that are in place to support decision-making and monitor delivery of LEP funded projects and schemes and how the SCR LEP and MCA will publish information.

## **2. Proposal and justification**

- 2.1** SCR LEP and MCA are required by Government to publish an updated Assurance Framework before 31<sup>st</sup> March 2020 in accordance with the 2018 LEP Review (Strengthened Local Enterprise Partnerships) and the National Local Growth Assurance Framework

guidance (issued in January 2019). The draft Assurance Framework 2020 is included at Appendix A.

**2.2** The 2020 Assurance Framework takes effect from 1 April 2020.

### **2.3 Key Amendments to the Current Assurance Framework**

***LEP Geography and Membership*** - The most significant changes that have been made to the Assurance Framework are in relation to the revised geography of the SCR LEP which also takes effect from 1 April 2020. Appendix 1 - *Section 2: About the Sheffield City Region* and *Section 3: Structures and Roles* confirms the withdrawal of the non-constituent local authorities from the LEP and the changes to the membership and quoracy of the LEP Board and Thematic Boards.

***Readiness for Managing the Transforming Cities Fund (TCF)*** - The Department for Transport (DfT) raised several points of clarification on how transport projects are assessed, appraised and approved. *Section 3: Structures and Roles*, *Section 4: Accountability for Public Funds* and *Section 5: Robust and Transparent Decision-Making* have been strengthened accordingly.

***Project Appraisal and Approval*** - *Section 5: Robust and Transparent Decision-Making* has been amended to reflect the latest HM Treasury guidance on project appraisal and approval. The appraisal process has also been made more efficient by gathering more information from applicants at the start of the process, and the introduction of Business Justification Case for projects with a total value of less than £500k. An illustrative diagram on the appraisal and approval process has also been included.

Other minor changes include:

- A separate section on Contract Management; and
- Updated information on the collaboration that has taken place with other LEPs, Metro Mayors and the Northern Powerhouse in 2019.

**2.4** MCAs with devolved funding and powers are required to submit their draft Assurance Frameworks to Government for approval. This is because their Assurance Frameworks outline the arrangements that are in place to manage the Single Pot allocation and Adult Education Budget (AEB). SCR will therefore need to revise the 2020 Assurance Framework with this information following the completion of the Devolution Deal. A revised draft of the Assurance Framework will be presented to the LEP and MCA Boards later this year for endorsement, before being submitted to Government for approval.

**2.5** The Assurance Framework was presented to the LEP Board on 5<sup>th</sup> March 2020.

### **2.6 LEP Policies**

National Assurance Framework guidance requires the LEP to have in place a number of policies. This includes:

- Code of Conduct
- Complaints Policy
- Confidential Complaints Policy
- Diversity Policy
- Declaration/Conflicts of Interests Policy
- Expenses Policy
- Gifts and Hospitality Policy
- Whistleblowing

These policies have been in place since 2017 and are reviewed on an annual basis to ensure they meet the requirements of any new guidance and to reflect any changes made to the SCR Assurance Framework. The review has identified that no significant or fundamental changes are required this year. Amended policies will take effect from 1st April, and will be communicated to all Members and published on the website alongside the revised Assurance Framework.

### **Terms of Reference**

The Terms of Reference for the LEP have also been reviewed and now include a reference to an Annual General Meeting (AGM) taking place in public as required by national guidance. The revised Terms of Reference will be published on the SCR website by 1st April.

## **3. Consideration of alternative approaches**

- 3.1** Failure to update, approve and implement the SCR Assurance Framework would risk the SCR being non-compliant with national standards on governance and transparency. The Government has clearly indicated that failure to comply will result in funding being withheld from the LEP.

## **4. Implications**

### **4.1 Financial**

The SCR LEP and MCA are required to demonstrate compliance with national guidance in order to receive the core funding and LGF allocated to the LEP by Government. The LGF element alone represents around £194 million up to 2020/21. This investment is vital in enabling the SCR LEP to be able to deliver and realise the outcomes identified in the Strategic Economic Plan.

### **4.2 Legal**

The Assurance Framework outlines the legal duties of the MCA as the Accountable body for the LEP and the policies and procedures that are in place to ensure that the MCA and LEP make decisions in a legally compliant, robust and transparent manner. This includes referencing the responsibilities of the Section 73 Officer, the purpose of internal and external audit, the role of the Overview and Scrutiny Committee and the project appraisal process (*Appendix 1 – Section 4: Accountability for Decisions and Public Funds*).

### **4.3 Risk Management**

The Assurance Framework specifies the processes and procedures that the SCR has in place to manage. These processes are in accordance with HM Treasury's Orange Book principle and include the Strategic Risk Management Framework, the SCR Risk Register and quarterly monitoring of projects and programmes (*Appendix 1 – Section 4: Accountability for Decisions and Public Funds*).

### **4.4 Equality, Diversity and Social Inclusion**

The LEP is required to demonstrate its approach to equality and diversity in terms of the composition of the LEP Board and its Equality and Diversity policy. The Assurance Framework outlines the LEP's commitment to equality and diversity and current gender composition of the LEP Board (*Appendix 1 – Section 3: Structures and Roles*). The LEP Diversity Policy is also referenced.

## 5. Communications

- 5.1 The MCA and LEP are obliged to publish information on the decisions that are being made, particularly on investments, in an open and transparent way. The SCR has always taken the approach of publishing as much information as possible on the SCR website so that it is accessible.

*Appendix 1 – Section 8: Publishing Information* outlines how the general public can access information that the SCR holds, the range of information that can be accessed through the SCR website, the Forward Plan of Key Decisions, meeting papers and financial and project performance information.

The approved Assurance Framework 2020 will be published on the SCR website.

## 6. Appendices/Annexes

- 6.1 Appendix 1 - Sheffield City Region Assurance Framework 2020

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: