

1st June 2020

ASSURANCE FRAMEWORK

Purpose of Report

Each year the Sheffield City Region (SCR) LEP and MCA is required to update and publish its Assurance Framework to ensure that robust, transparent and effective governance arrangements are in place. The draft Assurance Framework 2020 has been further revised to incorporate the additional requirements in readiness for devolution. This paper seeks endorsement of the draft Assurance Framework so that it can be submitted to Government for approval as part of the devolution readiness conditions.

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. Notes, at section 2.3, the key amendments to the Assurance Framework including the early release of funding to aid capital scheme development.
2. Considers and endorses the updated Assurance Framework set out at Appendix 1, pending any amendments required by the MCA and gives consent for it to be submitted to Government for approval.
3. Gives delegation to the SCR Chief Executive in consultation with the Mayor, to agree any final changes required by Government for them to approve and sign-off the SCR Assurance Framework.

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 by the 31st March. 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.

- 1.2 The Government requires Mayoral Combined Authorities (MCAs) with devolution deals to specify in their Assurance Framework how all devolved monies and powers, including Gainshare, Transforming Cities Fund, LGF and the Adult Education Budget (AEB) will be administered. The Government must also approve the Assurance Frameworks of all MCAs with devolution deals.

2. Proposal and justification

- 2.1 SCR LEP and MCA were required by Government to publish an updated Assurance Framework by 31st 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 was approved by the LEP Board on 5th March 2020 and this was published in draft form on the SCR website. It was also submitted to MHCLG in April to seek their feedback on changes required to satisfy the devolution readiness conditions.

- 2.2 As advised to the LEP Board on 5th March, the draft 2020 Assurance Framework has now been revised to outline the governance arrangements and processes that will be used to manage the Single Pot allocation and Adult Education Budget (AEB). The draft Assurance Framework 2020 is included at Appendix A.

2.3 Key Amendments to the Assurance Framework

Decision-Making on all Devolved Monies – A summary of the different funding streams and programmes that the Mayor and MCA are accountable for under the Single Pot allocation is included in Appendix 1 - *Section 2: About the Sheffield City Region. Section 5: Robust and Transparent Decision-Making* confirms the process that is in place for making decisions on how these different monies are invested.

Additional Boards and Panels – The MCA is required to form a Joint Assets Board and establish a Remuneration Panel for setting the salary of the Mayor and Deputy Mayor. These are outlined in *Section 3: Structures and Roles*.

Voting Rights - *Section 3: Structures and Roles* has been amended to incorporate voting decisions on the Mayor's spending plans and strategies and the Spatial Framework and the basis on which proposals are approved or rejected.

Mayoral and MCA Budget Setting - *Section 5: Robust and Transparent Decision-Making* has been amended to outline the process for how and when the Mayoral Budget and MCA budget will be drafted, finalised and approved each year.

Early Release of Funding – to aid the development and timely progress of quality capital schemes *Section 5: Robust and Transparent Decision-Making* proposes that a proportion of the total project costs is released at either Strategic Outline Case (SOC) and/or Outline Business Case (OBC) approval stage.

Adult Education Budget (AEB) – The procurement and approval process for investing AEB is included in *Section 5: Robust and Transparent Decision-Making*. Annual reports to

Government on AEB delivery and local impact and additional monitoring and evaluation of AEB investment is detailed in *Section 7: Measuring Performance and Success*.

Other minor changes include:

- Reference to the Devolution Agreement and Single Pot Settlement Letter sitting alongside the Assurance Framework, MCA Constitution and LEP Terms of Reference; and
- Information on a new Investment Plan and suite of Delivery Plans that sit beneath it which outline how the devolved budget will be spent.

2.4 The draft Assurance Framework 2020 must be submitted to Government for approval before the Order is laid before Parliament.

2.5 LEP Policies

National Assurance Framework guidance requires the LEP to have in place and publish 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 took effect from 1st April.

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 Terms of Reference are also published on the SCR website.

3. Consideration of alternative approaches

3.1 Failure to update, endorse and submit the SCR Assurance Framework for Government approval would risk the SCR being non-compliant with national standards on governance and transparency, and not fulfilling the readiness conditions for devolution.

4. Implications

4.1 Financial

The SCR MCA and LEP are required to demonstrate compliance with national guidance in order to receive devolved and core funding including the LGF allocated to the LEP by Government.

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 Assurance Framework 2020 will be published on the SCR website following Government approval.

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: