

14<sup>th</sup> January 2021

## ASSURANCE, MONITORING AND EVALUATION FRAMEWORK UPDATE

### Purpose of Report

This report updates LEP Members on policy updates that are required to conclude prior to the end of the financial year; namely the Assurance Framework, the Monitoring and Evaluation Framework and the review of LEP Board Policies.

The report highlights for Board Members any known issues that are to be addressed and provides an indicative timeline, highlighting when further detailed information will be presented for consideration. A draft Monitoring and Evaluation Framework is attached in outline.

### Thematic Priority

Cross Cutting Governance

### Freedom of Information

This paper and its appendices will be made available under the SCR Publication Scheme.

### Recommendations

That the LEP Board:

1. Considers the documents and policies to be updated and the indicative timeline for progression to the MCA Boards and on to National Government
2. Agrees that Neil McDonald, as Chair of the Assurance Panel, provides input, on behalf of the Private Sector Board Members, to the review of the Assurance Framework
3. LEP Members agree to consider and feedback any comments on the draft Monitoring and Evaluation Framework, particularly how information and intelligence collated is shared with Thematic and the LEP Boards to inform their role and future decision making

- 1.1** The National Assurance Framework and the LEP Review: Strengthened Local Enterprise Partnerships (2018), have necessitated the LEP and MCA update and approve a local Assurance Framework and the LEP Policies annually. Government require assurance that these updates have been undertaken prior to releasing annual grants. For areas with devolution deals, Government has issued further guidance for Assurance.

The locally agreed 2021-2022 Assurance Framework will therefore require consideration of local decision making and process set against the requirements set out in:

- The National Assurance Framework;
- Strengthened Local Enterprise Partnerships.
- The Single Pot Assurance Framework Guidance
- The New Green Book guidance

Prior to finalising the local document for submission to government.

- 1.2 In addition to the Assurance Framework, there is also a requirement to produce, update and submit to Government for approval, a revised Monitoring and Evaluation Framework. The current Monitoring and Evaluation Policy has been in place since 2017. A review of the 2017 policy document is underway to ensure a revised draft can be considered by Members.
- 1.3 Finally, to be compliant with the requirement of the 2018 LEP Review: Strengthened Local Enterprise Partnerships all LEP Board Policies require an annual review. With any updates or changes to be formally approved prior to the new financial year. A full review of all LEP policies will take place during Quarter 4 and will include a revised Expenses Policy and updated Terms of Reference.
- 1.4 This paper outlines in summary,
  1. the known changes to be made to the Assurance Framework and to the Monitoring and Evaluation Framework following the review of guidance in order for the MCA and LEP to be compliant,
  2. sets out an indicative timetable for activity in quarter 4 2020/21 so Members are aware when they will be asked to endorse documents prior to the submission and approval by government,
  3. Provides a draft Monitoring and Evaluation Framework for consideration and comment.

## 2. Proposal and justification

### **Assurance and Accountability Framework**

- 2.1 Each year the MCA and LEP is required by Government to update and publish its Assurance Framework by the 31<sup>st</sup> March. The Assurance Framework sets out how the MCA and LEP will use public money responsibly, make robust decisions, achieve best value for money and act in an open and transparent manner. It explains the governance structures in place for making decisions, outlines the policies and procedures that are in place to support decision-making and monitor and evaluate investments and interventions, and how the LEP / MCA will publish information.

Four Government departments (BEIS, MHCLG, DfT and DfE) must approve the Assurance Frameworks of all MCA areas with devolution deals.

- 2.2 Work is underway to review the document to ensure it reflects:
  1. the agreement reached locally by the MCA Board regarding the management of Gainshare and the Adult Education Budget (AEB)
  2. the recent changes to the governance Boards, agreed by LEP / MCA;
  3. any changes to local processes following the recently published revised HM Treasury Green Book (November 2020)
  4. any requirements, stipulated by funding departments, for recently secured, non-devolved funds, including Get Britain Building and Brownfield Housing Funds, to ensure compliance with grant requirements

- 2.3 The sections of the Assurance Framework that require amendments or addition are:

**Management of Gainshare** – MCA Members will be asked to agree and approve a processes for allocating, managing, monitoring and evaluating the use and impact of Gainshare including the five-year Gateway Review process with Government.

**Adult Education Budget (AEB)** – Following detailed discussion with the Thematic Board and approval by the MCA, the document will be updated to reflect the MCA decision on the

procurement and approval process for contracting with AEB delivery partners and priorities for investing AEB.

***SYPTE integration with MCA*** – Detail of the integration of SYPTE with the MCA, where relevant, will be added to highlight potential changes in governance in the year 2021.

***Funding Flexibilities*** – Subject to MCA reaching agreement on borrowing, and the proposed investment strategy, the document will be updated to reflect the flexibilities available to the MCA and assurance processes.

***Project Development*** – the section will be reviewed and updated to recognise any flexibilities in the new HMT Green Book and local processes for scheme development to deliver the Strategic Economic Plan and Renewal Action Plan objectives.

**2.4** As there is a requirement for Government to sign off this document, the following timeline is suggested for local consideration and decision making:

- First draft of the Assurance Framework 2021 - presented to the Audit and Standards Committee January 21. Aim for the ASC to scrutinise and consider decision making and value for money processes
- Second draft – presented to MCA February 21 for debate and recommendations, particularly to consider and ensure the additions to the documents on gainshare decision making accurately capture the Members agreed position
- Second draft – presented to an informal meeting of the private sector LEP Board
- Third draft - submitted to the four Government departments for review and comment
- A fourth draft - presented to the Audit and Standards Committee and to the LEP Board for final endorsement
- Final draft - presented to the MCA for approval in March.
- The locally approved draft will then be submitted to Government for final approval.

#### **LEP Board and MCA Board Policies**

**2.5** The 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

Updating these policies is a requirement prior to release of any grants payable to the LEP. Within year the expenses policy has been updated and other policies will be reviewed in January 21, ensuring a paper outlining any changes is presented to the March LEP Board

**2.6** **Indicative Timeline**

- Review of the LEP Policies January 2021
- Report summarising any changes to policies discussed with LEP Chair and Vice Chair – February 2021
- Draft report outlining any amendments presented to the LEP Board – March 2021
- New Policies published – April 1<sup>st</sup> 2021

#### **Monitoring and Evaluation Framework**

**2.7** The MCA is required to produce and publish a Monitoring and Evaluation Framework to outline how projects and programmes funded with devolved and awarded monies, to itself or

the LEP, will be robustly monitored and evaluated. Following devolution, the Monitoring and Evaluation Framework needs to be approved by Government.

An initial review phase has been undertaken to consider:

- the Monitoring and Evaluation Frameworks of other devolved MCA to consider how the strategy for the devolved programmes differs from the strategies for grants awarded with stipulated conditions
- the Government's Magenta Book (evaluation guidance), and the evaluation guidance issued for TCF, as well as the Adult Education Budget (AEB) to consider any distinct considerations
- national and academic best practice to propose changes to current approaches.

Following this review the following proposed amendments have been identified

## **2.8 Monitoring projects and programmes**

Strengthen the type of data and information that is collected from projects to more accurately measure impact of delivery on the new SEP and RAP outputs, outcomes and targets.

## **2.9 Evaluation of projects and programmes**

**Set out with greater clarity the level and frequency of evaluation for all MCA and LEP funded projects and programmes, including Gainshare** to provide greater understanding on what will be evaluated, how the evaluation will be undertaken and how often a project or programme will be evaluated both during the delivery phase and ex-post. The framework also specifies the prescribed evaluation for TCF and AEB.

**Outlines the role of the MCA Board, Thematic Boards and Statutory Officers** in determining the evaluation plan, agreeing the specifications and the role of the MCA as accountable body and Thematic Boards in reviewing all evaluations and utilising the intelligence to inform future commissioning and performance reviews.

**Sets out with greater clarity where responsibility for commissioning evaluation lies –** this is to remove any ambiguity where responsibility for commissioning evaluation lies, and to ensure compliance with the requirement for the impartial commissioning and review of programme and project evaluations.

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

- 3.1** Do Nothing - Following the conclusion of the devolution deal in 2020/21 and the requirement to comply with the Single Pot Assurance Framework Guidance and reflect the updated HMT Green Book, failing to review guidance, update, endorse and submit the Assurance Framework, the revised LEP Policies and the Monitoring and Evaluation Framework for Government approval would risk the MCA / LEP being non-compliant with national standards on governance and transparency, and not fulfilling the conditions for devolution or non-devolved grant awards.
- 3.2** Do Something - The proposal outlined for Members includes a review of national guidance, learning from other devolved areas and updating local documents. The aim being to achieve government sign off. Further amendments can be made mid year in 2021/22 if additional local changes are required which could include changes required as a result of the integration of the PTE with the MCA.
- 3.3** Do More - A separate strand of work has commenced to detail all policy and process documents, not simply those required to be approved by National Government, and to establish a timetable for regular review. This document library will be published to improve transparency and scrutiny of the MCA / LEP and the MCA Executive Policy and Processes. Whilst this is underway, it is not required to be in place by the end of the financial year and so will be finalised in Q1 of 2021/22.

## 4. Implications

### 4.1 Financial

The MCA and LEP are required to demonstrate compliance with national guidance in order to receive devolved and core funding including any monies allocated by Government. The release of Gainshare funding is dependent on the Government's approval of the Assurance Framework.

To secure greater value for money, the proposal is to procure an evaluation panel via a framework, that can be utilised by the MCA / LEP and partners, the Evaluation Panel procurement will commence in the new financial year, following approval of the Monitoring and Evaluation Framework with an aim to be established by Autumn 2021.

The costs of compliant assurance, monitoring and evaluation is being considered as part of the 2021/22 budget setting process.

### 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 which complies with the principles outlined in HM Treasury's Green Book.

### 4.3 Risk Management

The Assurance Framework specifies the processes and procedures that the MCA and LEP has in place to manage risk. These processes are in accordance with HM Treasury's Orange Book principles and include the Strategic Risk Management Framework, the SCR Risk Register and quarterly monitoring of projects and programmes.

### 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. The LEP Diversity Policy is also referenced.

## 5. Communications

5.1 The MCA and LEP is obliged to publish information on the decisions that are being made, particularly on investments, in an open and transparent way.

The Assurance Framework, LEP Policies and Monitoring and Evaluation Framework will be published on the website and the Assurance Framework will set out in detail how the general public can access information that the MCA and LEP holds.

## 6. Appendices/Annexes

6.1 Appendix A - Draft Monitoring and Evaluation Framework

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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: