

AUDIT & STANDARDS COMMITTEE

18th April 2019

Revised Assurance Framework

Purpose of Report

Each year the Sheffield City Region (SCR) is required to update its Assurance Framework to ensure that robust, transparent and effective arrangements are in place. Having reviewed the existing document in light of additional national guidance and through the evolution of arrangements in the City Region, a revised document has been produced and considered by both the LEP and the Mayoral Combined Authority.

Thematic Priority

The Assurance Framework underpins all six thematic priorities of Sheffield City Region's Strategic Economic Plan (SEP) by defining the key processes that SCR will use in administering public funding in a compliant and transparent manner.

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

This paper will be available under the Mayoral Combined Authority Publication Scheme.

Recommendations

That the Committee:

1. Notes and considers the actions required to implement the updated Assurance Framework.
2. Discusses any on-going assurance in respect of the adherence to the Assurance Framework required, as part of the Audit & Standards Committee annual workplan.

1. Introduction

- 1.1** Each year the Sheffield City Region (SCR) LEP and MCA are required by Government to update its Assurance Framework in line with national guidance. 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 also explains the SCR structure; the Boards that make decisions; outlines the policies and procedures that are in place to support decision-making and to monitor delivery of LEP funded projects and schemes and; how the SCR LEP and MCA make information available publicly.
- 1.2** The SCR Executive has reviewed the Assurance Framework to ensure compliance with Government guidance. The Assurance Framework was presented to the LEP Board on 4th March 2019 and to the MCA on 25th March 2019. The approved Assurance Framework has been published on the SCR website.

2. Proposal and justification

2.1 Key Amendments

The 2018 Assurance Framework was already broadly compliant with the new guidance and therefore the 2019 Framework has not required any substantive changes. However, national guidance did specify that the 2019 Assurance Framework should pay particular attention to the following aspects:

- accountability for decisions and public funds
- inclusive and collaborative working
- publishing information
- providing joint statement from the MCA and LEP outlining their respective roles and responsibilities

In response to this, three distinct sections have been incorporated into the 2019 Assurance Framework at Sections 4, 7 and 8. A draft Memorandum of Understanding between the MCA and LEP is also included in the appendices in the document.

Other minor changes include:

- An explanation of how the MCA and LEP work together
- References to the Mayor as an 'institution' rather than an individual
- Simplifying the language used throughout the document to ensure that it is accessible to a wider audience

2.2 The 2019 Assurance Framework reflects the new governance arrangements for the Thematic Boards that were agreed by the MCA in December 2018 and by the LEP Board in January 2019. *Appendix 1 – Section 3: Structures and Roles* outlines the roles and responsibilities of the Thematic Boards as well as the MCA and LEP Boards. It should be noted that the Thematic Boards will determine their ways of working, meeting frequency and any Advisory Groups they wish to establish when they meet for the first time.

2.3 Further to the new governance arrangements, the SCR Executive Team have committed to reviewing the current arrangements for project and scheme appraisal, specifically the role of the independent Appraisal Panel. A report on the revised appraisal process to support the new Board structure will be presented to the next meeting of the LEP on 20th May.

2.4 The Annual Assurance Statement from the Section 73 Officer was submitted to the Ministry of Housing, Communities and Local Government (MHCLG) as part of the LEP Annual Performance Review in January 2019. The Annual Assurance Statement (attached as Appendix 2) confirms that strong governance arrangements and policies are in place to ensure robustness and transparency.

2.5 The outcome of the Annual Performance Review was confirmed by MHCLG 11th March 2019 where across all measures - governance, delivery and strategy - the LEP was found to be compliant with the requirements of the National Framework.

3. Consideration of alternative approaches

3.1 No other approaches were considered as 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 and government processes include spot checking published information, requiring a self-assessment and an Annual Review.

4. Implications

4.1 Financial

The SCR LEP and MCA are required to demonstrate compliance with national guidance to receive the government funding allocations, including core funding and LGF, awarded to the area. For the Local Growth Fund award this represents around £194 million of investment between 2017/18 and 2020/21. This investment is vital in enabling the SCR to be able to deliver and realise the outcomes identified in its 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 approved Assurance Framework 2019 has been published on the SCR website.

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, meetings papers and financial and project performance information.

6. Appendices/Annexes

- 6.1** Appendix 1 - Sheffield City Region Assurance Framework 2019

Appendix 2 – Annual Assurance Statement 2019

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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: