

Mayoral Combined Authority Board

24 January 2022

Annual Review of the Assurance Framework

Is the paper exempt from the press and public?	No
<i>Reason why exempt:</i>	Not applicable
Purpose of this report:	Governance
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a Key Decision

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Executive Summary

Each year the MCA and LEP is required to update and publish the Assurance Framework to outline the robust, transparent and effective governance arrangements that are in place. Following devolution, the Assurance Framework also needs to be approved by four Government departments.

This report summarises the amendments that have been incorporated into the 2022/23 Assurance Framework and presents them for consideration by Members ahead of submission to the Government departments for their review and approval before 31 March 2022.

What does this mean for businesses, people and places in South Yorkshire?

The Assurance Framework outlines in detail how the MCA makes decisions and invests public money to develop and grow South Yorkshire's economy and support its people, businesses and places.

Recommendations

1. MCA Members note, at section 2.3, the key amendments that have been made to the Assurance Framework to ensure compliance with the Government's requirements and issued guidance.
2. MCA Members consider and endorse the updated Assurance Framework set out at Appendix 1, pending any amendments the Board may specify, and gives consent for submission to Government for departmental review and agreement.

Consideration by any other Board, Committee, Assurance or Advisory Panel

Assurance Panel

14 December 2021

1. Background

- 1.1 Each year the MCA and LEP is required by Government to update and publish its Assurance Framework by the 31st 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 support decision-making and summarises how investments and interventions are appraised and managed, and how the MCA and LEP will publish information.
- 1.2 The Government requires MCAs with devolution deals to specify, in their Assurance Framework, how all devolved and awarded monies and powers, including Gainshare, the Adult Education Budget (AEB), the City Region Sustainable Transport Settlement (CRSTS) and Transforming Cities Fund (TCF) will be administered. Four Government departments - the Department for Business, Energy and Industrial Strategy (BEIS), the Department for Levelling Up, Housing and Communities (DLUHC), the Department for Transport (DfT) and the Department for Education (DfE) - must also approve the Assurance Frameworks of all MCAs with devolution deals.
- 1.3 The Government also requires MCAs with devolution deals to produce and publish an accompanying Monitoring and Evaluation Framework to detail how projects and programmes funded through devolved and awarded funding will be monitored and evaluated. The SYMCA Monitoring and Evaluation Framework will be submitted to the Board for consideration and approval at the March 2022 meeting.
- 1.4 The updated Assurance Framework has been written in accordance with the National Local Growth Assurance Framework guidance (issued in September 2021), HM Treasury Green Book (November 2020) and the 2018 LEP Review (Strengthened Local Enterprise Partnerships). It also streamlines and improves the assurance processes and procedures. The draft Assurance Framework 2022 is attached at Appendix 1.

2. Key Issues

- 2.1 The draft Assurance Framework 2022 incorporates the re-branding of the MCA, the name changes for the MCA and LEP, and the integration of SYPTE with the MCA, including transport operations.

2.2 The key amendments are as follows:

- **Funding Devolved and Awarded to the MCA** - section 2 references the South Yorkshire Renewal Fund (SYRF) and lists the suite of funding that currently makes-up the SYRF, including the provisional £570m City Region Sustainable Transport Settlement (CRSTS) allocation.
- **Powers** – section 2 includes the MCA’s ability to borrow funds for non-transport capital investment, in addition to existing transport borrowing powers. Whilst this is subject to an Order being passed through Parliament, it is anticipated that this power will be granted before the Assurance Framework 2022 is published in April.
- **LEP Membership and Thematic Board Co-chair Arrangements** - section 3 provides an updated list of LEP members and gender breakdown following the end of James Muir’s term as Chair and the appointment of Lucy Nickson as Interim LEP Chair. The names of the MCA and LEP Board members who co-chair the Thematic Boards have also been included.
- **Section 73 Officer Responsibilities** – section 4 now includes the delegation from the MCA to the Section 73 Officer to accept grants for funding bids on the MCA’s behalf and the ability to award tenders that are within the agreed MCA budget.
- **Transport Operations** – whilst SYPTE has always been included in the MCA’s audit arrangements, the audit of transport operations is now specifically referenced in section 4.
- **Programme Management Board** – section 4 also includes references to the new Programme Management Board consisting of MCA senior and Statutory officers that has been established to oversee the development and delivery of all investment programmes, along with the provision of technical advice to the Assurance Panel on risk, considerations of funding options and conditions, and interest rates and terms that should be applied to loans.
- **Annual Reporting to Government** – section 4 now includes the requirement for the MCA to produce and submit annual reports on CRSTS and AEB.
- **Updated Assurance Process** - section 5 includes a revised diagram at Figure 7 that illustrates the full assurance process. This includes the introduction of a new Mandate Stage to allow the Boards to formally invite programmes and projects onto the MCA pipeline. To strengthen risk assurance, this section also references tolerance checks, greater cost certainty, when statutory processes should be underway and completed and at what stage funds could be released to de-risk project development.
- **Grant Letters** – have been included in section 6 alongside contracting arrangements for the early release of funds.
- **Monitoring** – section 7 now explicitly states that the frequency of monitoring can either increase or decrease depending on the level of risk and project performance.

2.3 Further minor amendments may be made to the draft as the SYMCA integration process continues prior to submission to Government. These are likely to include document weblinks and references to the new MCA website and the structure diagram for the SYMCA Executive Team.

3. Options Considered and Recommended Proposal

Without an agreed Assurance Framework, the MCA will be in breach of its statutory responsibilities. Therefore, there is only a single option to update and submit the framework.

4. Consultation on Proposal

- 4.1 A series of workshops on the MCA's current assurance process were held in Autumn 2021 with MCA staff and local authority officers. Over 250 people attended these workshops. The draft Assurance Framework 2022, and the updated assurance process has been partly based on feedback obtained from these workshops.
- 4.2 The lead LEP Board member for assurance and Chair of the MCA's Assurance Panel, reviewed the draft Assurance Framework 2022 in December 2021, on the LEP's behalf.

5. Timetable and Accountability for Implementing this Decision

- 5.1 Subject to endorsement, the draft framework will be submitted to the four Government departments for their review by 31 January 2022.
- 5.2 Following any required amendments from the individual Government departments, a further draft will be presented to the MCA and LEP Boards in March 2022 for adoption. The final draft will then be re-submitted to the Government in March for Ministerial approval and sign-off. The Assurance Framework, and updated Monitoring and Evaluation Framework will be published on the MCA website on 1 April 2022.

6. Financial and Procurement Implications and Advice

- 6.1 The MCA and LEP are required to demonstrate compliance with national guidance in order to receive devolved and awarded funding. The release of Gainshare funding is dependent on the Government's approval of the Assurance Framework.
- 6.2 The draft Assurance Framework 2022 includes a number of amendments advised by the Finance Team, including reference to new borrowing powers, the creation of the Programme Management Board and the delegation granted by the MCA to allow the Section 73 Officer to accept grants and award tenders of the MCA's behalf.

7. Legal Implications and Advice

- 7.1 The Assurance Framework outlines the legal duties of the MCA and the policies and procedures that ensure the MCA and LEP make decisions through a legally compliant, robust and transparent process. 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*).
- 7.2 The draft Assurance Framework 2022 includes amendments submitted by the Monitoring Officer on the integration of SYPTE into the MCA and the subsequent legal dissolution of the PTE that will follow in 2022. The draft Framework also

references the Grant Letters that will be signed with project applicants on the conditions for the early release of project development funds.

8. Human Resources Implications and Advice

8.1 Not Applicable.

9. Equality and Diversity Implications and Advice

9.1 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. The draft Assurance Framework 2022 also outlines the current gender composition of the LEP Board (*Appendix 1 – Section 3: Structures and Roles*). The LEP Diversity Policy is also referenced.

10. Climate Change Implications and Advice

10.1 Not Applicable.

11. Information and Communication Technology Implications and Advice

11.1 Not Applicable.

12. Communications and Marketing Implications and Advice

12.1 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 MCA and LEP has always taken the approach of publishing as much information as possible on the website so that it is accessible. The MCA is also required to publish its updated Assurance Framework and Monitoring and Evaluation Framework by 1 April 2022.

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

List of Appendices Included

A Appendix 1 - Draft Assurance Framework 2022

Background Papers

None