

Audit, Standards and Risk Committee

Wednesday, 13 December 2023

Assurance Framework Review

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

Director Approving Submission of the Report:

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Executive Summary

Each year the MCA is required to review, update and publish its Assurance Framework to outline the robust, transparent and effective governance arrangements that are in place ahead of the next financial year. Three Government spending departments need to consider and approve the Assurance Framework. In addition, the MCA is required to produce and publish a Monitoring and Evaluation Framework alongside the Assurance Framework to outline how projects and programmes funded with devolved and awarded monies will be robustly monitored and evaluated. This also requires Government approval.

This report summarises the feedback received from local authority and SYMCA officers on the MCA's current assurance processes during the annual review. It also identifies the key changes that will be applied to the 2024 Assurance Framework which will be presented to the MCA Board for endorsement in March.

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

ASRC Members are invited to input any views or recommendations on improvements that can be made to the assurance process or current Assurance Framework.

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

Mayoral Combined Authority Board

09 January 2024

1. Background

- 1.1 Each year the MCA is required by Government to review, update and publish its Assurance Framework by the 31 March. The Assurance Framework sets out how the MCA 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, approved, published and managed.
- 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) will be administered. Three Government departments - 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. The Assurance Framework must be written in accordance with the new English Devolution Accountability Framework (issued in March 2023) and the HM Treasury Green Book (updated in October 2023).
- 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.

2. Key Issues

- 2.1 This year's annual review on assurance has focused on the changes made in 2022/23 to improve the efficiency of the process from Business Case development through to appraisal, funding decision and contracting. Ten workshops were held in November and early December with officers from each of the four local authorities and SYMCA staff to obtain feedback on the changes made to the 2023 Assurance Framework and assurance process. The workshops have also been used to gather suggestions on further changes that can be made to remove any other remaining barriers or to further improve the process.
- 2.3 The key changes made to the assurance process in 2022/23 are listed below:

- **Introduction of business partner approach** – a named contact in SYMCAs Programme Management Office (PMO) that provides advice and guidance through the Business Case development process acts as a critical friend. Projects also have a named business partner contact in SYMCAs Funding, Monitoring and Reporting team earlier in the process.
- **Flexibility for local authorities to use their own forms and internal assurance processes** - to appraise, approve and evidence assurance of Strategic Business Cases. Local authorities are still able to use the SYMCA Strategic Business Case template and seek assurance through SYMCA if they prefer.
- **Development costs paid upfront in one instalment** – up to 14% of the total project cost can be paid on approval of the Strategic Business Case to support project and business case development costs. The payment of development costs was previously split into three payments.
- **Ability to access consultancy support at discounted rates for project or Business Case development** - through SYMCA's Appraisal, Investment and Evaluation Framework. This can provide additional specialist resource to local authorities to help them scope or design projects or to write sections of a Business Case.
- **Introduction of a single MCA decision point** – the MCA Board provides the only investment decision at Outline Business Case stage where project approval can be given in principle pending submission of a satisfactory Full Business Case. The MCA Board gives delegated authority to the SYMCA Programme Board to approve Full Business Cases.
- **Introduction of the SYMCA Programme Board** – the Programme Board includes the Statutory Officers and senior managers. It meets every two weeks to ensure that recommendations on Strategic Business Cases and Full Business Cases can be made efficiently with Portfolio leads briefed.
- **Publication of Key Decisions on a rolling basis** – previously key decisions were published a minimum of 28 days prior to a Thematic or MCA Board meeting. Key Decisions are now published on a rolling basis as the decisions are made to improve transparency.
- **Streamlined Change Control process** – only major changes, such as significant changes to project scope, profiled outputs, outcomes, milestones, match funding or a need for additional MCA investment are presented to the MCA Board for approval. All minor changes are now dealt with by the Funding, Monitoring and Reporting Team in conjunction with the Programme Board.
- **Prior notice of Draft funding agreement clauses** – conversations are held with project applicants early in the process on any specific clauses or conditions that will be included in the final Funding Agreement for complex projects.

2.4 SYMCAs Business Case templates have all recently been reviewed and updated in line with feedback received with the intention of making them easier to complete by project applicants. Questions which were not essential to the appraisal have been removed and tables have been refined. A set of Guidance Notes have also been prepared for the templates to assist project applicants in completing each one. The new Business Case templates are able to be used immediately.

2.5 **Which aspects of the assurance process are working well?**

Local authority officers have been complimentary about the new business partner approach, and ongoing support from the PMO specifically, particularly on complex projects as this has enabled projects to progress to funding decision much more easily.

The ability to draw down up to 14% of funding in one payment for development costs has also been welcomed and has eased pressure on SYMCAs Funding, Monitoring and Reporting Team.

Amendments to the Change Control process has also enabled local authorities to obtain swifter agreement on minor changes to projects without needing to wait for Board approval.

2.5 What are the barriers or issues that need to be resolved?

All local authorities have reported staff recruitment and resource as an issue, citing difficulties in recruiting experienced and skilled staff to develop projects or to undertake key tasks on projects such as writing elements of the Business Case or transport modelling. This is a nationwide problem with existing skilled staff retiring or moving to other authorities and a lack of new entrants into economic development, planning, housing or transport jobs. Further consideration is therefore required on how the MCA and the local authorities can work with educational institutions to encourage more people to study or train for careers in local and regional Government such as careers information and/or careers fairs, Graduate Placement programmes or bursaries.

There is a need for the SYMCA assurance process and the assurance processes of each local authority to be better aligned. This relates to when funding decisions need to be taken by Boards and Cabinets at each stage of the process. It is essential that Directors of Finance and Cabinets are provided with the assurance to enable a funding decision to be taken on business Case submission and grant acceptance but there are either some delays in the decision-making process or local authorities are not given sufficient confidence that procurement can commence with low risk to the authority.

2.5 The next steps for the annual assurance review are:

1. Draft the 2024 Assurance Framework for presentation and endorsement at the 12 March MCA Board meeting based on all feedback and input received.
2. Submit the draft 2024 Assurance Framework for comment and Ministerial sign-off to DLUHC, DfT and DfE.
3. Publish the 2024 Assurance Framework and Monitoring and Evaluation Framework on the SYMCA website in draft form on 31 March 2024.

3. Options Considered and Recommended Proposal

- 3.1 Without an agreed Assurance Framework and Monitoring and Evaluation Framework, the MCA will be in breach of its statutory responsibilities and devolved funding would be at risk. Therefore, there is only a single option to update and submit the frameworks.

4. Consultation on Proposal

- 4.1 The 2024 Assurance Framework will now be drafted to take account of the changes and suggestions identified through the consultative workshops. Further workshops will be held in January and February with local authority officers and SYMCA staff on the new Business Case templates, any to explain any further changes to the assurance process from 1 April 2024.

5. Timetable and Accountability for Implementing this Decision

- 5.1 Subject to endorsement by the MCA Board on 12 March, the updated draft frameworks will be submitted to the three Government departments for Ministerial approval and sign-off and will be adopted by the MCA from 1 April 2024.
- 5.2 The draft Assurance Framework, and updated Monitoring and Evaluation Framework will be published on the SYMCA website on 31 March 2024.

6. Financial and Procurement Implications and Advice

- 6.1 The MCA is 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.

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.

8. Human Resources Implications and Advice

- 8.1 Not applicable

9. Equality and Diversity Implications and Advice

- 9.1 The Assurance Framework outlines the MCA's commitment to equality and diversity.

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 is obliged to publish information on the decisions that are being made, particularly on investments, in an open and transparent way. The MCA has always taken the approach of publishing as much information as possible on the website so that it is accessible. This includes the publication of the Forward Plan of Key Decisions, meeting papers and financial and project performance information.

List of Appendices Included:

None

Background Papers

None