

Audit, Standards and Risk Committee

Wednesday, 20 March 2024

Assurance Framework

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?	Not a Key Decision

Director Approving Submission of the Report:

Gareth Sutton, Executive Director Resources & Investment

Report Author(s):

Lyndsey Whitaker, Head of Assurance and Evaluation

lyndsey.whitaker@southyorkshire-ca.gov.uk

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.

Following consideration by the MCA the Assurance Framework must be submitted into Government for their consideration. This forms part of the devolution settlement, providing Government with assurance that the MCA exercises devolved funding decisions in an appropriate manner.

This report summarises the key amendments that are proposed for the 2024 Assurance Framework. The amendments have been informed by the consultative workshops with officers from each local authority and the MCA for the annual review of assurance.

In considering the proposed changes, account has been taken of how the MCA's assurance processes and procedures can aid business case development and efficiency without compromising the quality of funding submissions.

The Draft Assurance Framework 2024 was presented to, and endorsed by, the MCA Board on 12 March 2024.

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. The Committee note the proposed amendments to the Assurance Framework listed in section 2.1, to ensure compliance with the Government's requirements and most recent issued guidance.
2. The Committee considers and agrees the draft Assurance Framework in Appendix A for onward publication and submission to Government.

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

Mayoral Combined Authority Board

12 March 2024

1. Background

- 1.1 Each year the MCA is required by Government to review, update and publish its Assurance Framework by the 31st March. The Assurance Framework sets out how the MCA will use public money responsibly: making informed decisions to achieve best value for money and acting 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.
- 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 MCA is not required to submit the Monitoring and Evaluation Framework to Government for approval.
- 1.4 Over the last year the MCA has implemented a number of system level changes to Governance and processes to address barriers to efficient programme performance.

1.5 These changes included:

- The implementation of the new MCA Governance model
- The development of a Programme Management Office at the MCA to help develop and guide schemes through processes, enabling a 'right first time' mentality and culture of shared responsibility for delivery;
- The introduction of the Project Feasibility Fund to enable at risk scheme development;
- The introduction of a one touch-point governance system, where most schemes only need to go to Board for approval at Outline Business Case;
- The introduction of the MCA's internal Programme Board to allow for speedy decisions and joined up activity within the MCA's Executive team;
- More regularised programme monitoring meetings with our Local Authorities at both the project delivery level and the director level through the Place Liaison meetings.

1.6 Feedback from workshops with LA officers suggests that these changes have been received overwhelmingly positively. Capital programme performance has improved, with schemes now progressing through processes in a timelier manner with less iteration in development.

1.7 However, it is recognised that more can be done to improve processes and foster better relationships and working practices - getting the right schemes into delivery at the right pace.

1.8 Since the autumn a series of workshops have been held with the four local authorities and within the MCA to identify opportunities to improve. The outcome of these workshops is reflected, where possible, in the proposals in this report.

1.9 The revised Assurance Framework attached at Appendix A has been developed in accordance with the new English Devolution Accountability Framework (issued in March 2023) and the HM Treasury Green Book (updated in October 2023).

1.10 The resulting changes seek to aid Business Case development and improve the efficiency of the assurance process, without compromising quality and rigour.

1.11 This report includes the Draft Assurance Framework 2024 which was endorsed by the MCA Board on 12 March 2024. Pending any further changes by the Audit, Standards and Risk Committee, the Draft Assurance Framework will be submitted to the relevant government departments for their review and approval.

2. Key Issues

2.1 The draft Assurance Framework 2024 includes the following key amendments:

- **Police and Crime Powers** - section 2 references the addition of police and crime to the devolved powers from May 2024.
- **Boards, Council and Cabinets** - section 3 outlines the changes to the MCA governance model with the replacement of the LEP and Thematic Boards with the new Business Advisory Board, Mayor's Economic Advisory Council and eight Cabinets.

- **Statutory Role of Active Travel England (ATE)** – sections 3 and 5 detail the new statutory requirement for Active Travel England (ATE) to be consulted and engaged on the design of MCA funded infrastructure schemes involving elements of cycling and walking.
- **Gateway Review** – sections 4 and 7 explain the requirement and format for reporting and evaluating Gainshare funding and the current Gateway Review process.
- **Updated Appraisal and Approval Process** - section 5 provides clarity on the appraisal and approval process for Business Cases and a number of changes.

Changes:

- Increase the limit of a Business Justification Case (BJC) from £1m to £2m to allow low risk projects to go through a single simplified assurance route in line with HM Treasury limits.
- Introduction of Programme Business Cases which will form an SBC. Named projects in the Programme Business Case will go through a streamlined assurance process by being permitted to submit a OBC/FBC for funding decision.
- Where funding conditions permit, the opportunity to allow programme sponsors to vire funding between schemes to manage pressures within defined programme funding envelopes.
- Development costs paid upfront in one instalment at a rate tailored to the individual scheme, rather than on an arbitrary flat rate.
- A pilot opportunity for project officers to meet with independent assessors for an assessment initiation meeting to help understanding of projects and their development.
- Local authority officers invited to present schemes at the SBC stage to the MCA's internal Programme Board to support co-development and co-ownership principles.
- Flexibility for local authorities to use their own forms and internal assurance processes to appraise, approve and evidence assurance of Strategic Business Cases (SBCs).
- Incorporation of a new Design Review Panel (DRP) into the assurance of schemes with walking or cycling infrastructure, to advise scheme promoters on scheme design and to enable the MCA to fulfil its statutory obligations to consult with Active Travel England.

Clarifications:

- Ability to access consultancy support at discounted rates for project or Business Case development through the MCA's Appraisal, Investment and Evaluation Framework.
- A single MCA Board decision point at Outline Business Case (OBC) stage where project approval can be given in principle pending submission of a satisfactory Full Business Case (FBC).
- Role of the Programme Board in approving pipeline entry of projects and SBCs and FBCs where delegated by the MCA Board, and briefing Portfolio leads. Our Local Authorities will also receive an open invitation to present projects at Programme Board.

- **Monitoring and Contract Management** – section 6 outlines improvements to the monitoring of project delivery and details the streamlined change control process where 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 Board for approval. All minor changes will be managed through the MCA's Programme Board.
- **Publication of Key Decisions on a rolling basis** – section 8 references a change from publishing key decisions a minimum of 28 days prior to an MCA Board meeting to publishing decisions on a rolling basis as the decisions are made.

2.2 Committee members are asked to identify any additional changes they would welcome being considered to the Assurance Framework ahead of submission to Government.

2.3 The Monitoring and Evaluation Framework which complements the Assurance Framework is currently being updated for 2024.

3. **Options Considered and Recommended Proposal**

3.1 **Option 1**

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 and engagements began in November 2023 to obtain feedback and input from local authority officers and MCA staff on the impact of the changes already made to the assurance process during 2022/23 and identify further improvements. Follow-up workshops were held with local authority officers in February and March to communicate the proposed amendments to the Assurance Framework and assurance process based on their previous feedback.

4.2 Engagement with local authority officers is ongoing and further meetings and workshops will be held throughout 2024 to guide officers on the new Business Case templates, obtain feedback on the changes implemented and identify any further refinements as part of the continuous improvement of assurance.

5. **Timetable and Accountability for Implementing this Decision**

5.1 The draft framework will be submitted to the three Government departments for their review.

5.2 Following any required amendments from Government, a final draft will be re-submitted to the Government for Ministerial approval and sign-off. The Assurance Framework will be published in draft form on the MCA website on 1 April 2024, and will be replaced with the approved framework once approval has been granted by Government.

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 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, including the requirement to comply with the Public Sector Equality Duty and how equality impacts of MCA funded programmes and projects are assessed.

10. Climate Change Implications and Advice

- 10.1 The Assurance Framework outlines the MCA's commitment to the environment and climate change, including the MCA's statutory responsibility for developing the Nature Recovery Strategy and how environmental impacts of MCA funded programmes and projects are assessed.

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. The MCA is also required to publish its updated Assurance Framework by 1 April 2024

List of Appendices Included

- A Draft Assurance Framework 2024

Background Papers

None