

Report to: West Yorkshire and York Investment Committee

Date: 5 February 2020

Subject: **Assurance Framework**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	

1. Purpose of this report

- 1.1 To provide the West Yorkshire and York Investment Committee with an update on progress relating to changes proposed to the Leeds City Region Assurance Framework arising from its annual review and the Strengthened Local Enterprise Partnership report (July 2018).
- 1.2 To request the West Yorkshire and York Investment Committee to provide feedback on the updated draft Assurance Framework.

2. Information

- 2.1 The LEP has secured Growth Deal funding and the Combined Authority is the accountable body for the LEP. Therefore, it is essential that there are robust, transparent and accountable processes in place to ensure value for money for the public purse.
- 2.2 As part of the Growth Deal with Government, a local Assurance Framework was developed in 2015 that covers all funding flowing through the LEP. The Combined Authority, as the accountable body for the LEP, is also covered by this framework, which is updated on an annual basis.

- 2.3 The previous local Assurance Framework was approved by the LEP Board in January 2019 and by the Combined Authority, as the accountable body, in February 2019. It is the key mechanism to ensure that there are robust processes in place to support the developing confidence in delegating central budgets and programmes to the LEP and the Combined Authority. It covers all significant discretionary projects and programmes funded from Government or local sources that flow through the LEP and the Combined Authority, and has been prepared in accordance with [HM Government National Local Growth Assurance Framework guidance](#) (January 2019) and builds on a body of existing good practice.
- 2.4 This revised version of the Assurance Framework must be published on the Local Enterprise Partnership's website by 28 February 2020. The National Local Growth Assurance Framework published in January 2019 brought in a set of new requirements, which were incorporated into the previous review. The Combined Authority are requested to note that no further update has been published by the Ministry of Housing, Communities and Local Government since January 2019. Therefore, the local Assurance Framework is already compliant with these requirements. This year's review of the Assurance Framework was focused on aligning the Framework with the current working practices of the Combined Authority and the LEP, potential changes in the LEP's geography and the introduction of the SEF.
- 2.5 Additionally, the 'Strengthened Local Enterprise Partnerships' (2018) report set out a number of Government commitments alongside a number of additional changes that Government will work with Local Enterprise Partnerships to implement. This is being addressed within the National Local Growth Assurance Framework and has implications for the local Assurance Framework, both for this review and the review for 2021, relating to the potential revisions to LEP geography and LEP Board diversity.
- 2.6 The key changes for the 2020 Assurance Framework review include:
- Any references to LEP boundaries and relevant maps have been removed in this version of the Assurance Framework. Further amendments will be made to reflect the LEP Board's decision on the revised LEP geography, including changes in related governance documents and the LEP's website resulting from this prior to publication.
 - References to the Strategic Economic Framework (SEF) and Local Industrial Strategy (LIS), when relevant, have replaced the references to the Strategic Economic Plan (SEP).
 - A footnote added in Table 2.1 "Advisory Panels to the LEP and Combined Authority", to reflect the current work being undertaken around the Investment Loans programme. However, due to the early stages in this development and the lack of clarity around its future governance arrangements at present, the governance for the Investment Loans programme has not been covered in this review to date.

- Sections 5 and 6, “Approach to Prioritisation” and “Assurance around Programme and Project Delivery”, have been updated with new wording to reflect updated working practice around project and programme appraisal and to lessen the focus on the TAG guidance (formerly WebTAG), in order to take account of new priorities, such as clean growth.
- Section 7, “Monitoring and Evaluation”, has been updated to clarify the purpose and requirements of Activities 6 and 7. The “Benefits Realisation” section has been updated, to spell out the approach to the monitoring of the progress towards SEF priorities. A new section on monitoring and evaluation of the SEF has been added.
- Appendix 4 has been amended to provide that grants greater than £100,000 but not exceeding £500,000 are to be approved by the Managing Director (or the Director of Economic Services not exceeding £250,000 only), following a recommendation from the Business Investment Panel. This raises the threshold at which business grant applications will be considered by Investment Committee and/or Combined Authority from £250,000 to £500,000, to increase the pace of decision-making. Additional amendments to the Appendix reflect changes made to the Managing Director’s sub-delegation scheme, to speed decision-making.
- Changes made to Appendix 6 to reflect changes to the Programme Appraisal Team’s (PAT) terms of reference.
- References to the Strategic Assessment Review Group (SARG) have been made and the SARG terms of reference added at Appendix 7. The Strategic Assessment Review Group (SARG) undertakes the review of Strategic Assessments submitted to the Combined Authority, as the accountable body for the Local Enterprise Partnership LEP, at decision point 1 (DP1) of the assurance process, as set out in the Leeds City Region Assurance Framework.
- References to the Portfolio Management Group (PMG) have been added and the PMG terms of reference have been added at Appendix 8.

2.7 The Investment Committee is requested to note that further changes may need to be made to update the Assurance Framework prior to the publication, including:

- References made to the LEP geography in the Assurance Framework.
- Amendments to the relevant governance documents and the LEP website, which will need to be updated to reflect the new LEP footprint and LEP compliance with the diversity requirements of the Strengthened Local Enterprise Partnerships guidance.
- References to the investment loans governance arrangements.

2.8 The principles and direction of the revised Assurance Framework were discussed with the LEP Board on 16 January 2020 and with the Governance and Audit Committee on 23 January 2020. The Overview and Scrutiny Committee was notified that the annual review of the Assurance Framework was taking place and discussed the draft Assurance Framework at their meeting on 17 January 2020.

- 2.9 The LEP Board approved at the meeting on 16 January 2020 to delegate authority to the LEP's Chief Executive (the Managing Director) in consultation with the LEP Chair and the Combined Authority Chair to approve the Local Assurance Framework on behalf of the LEP, further to its consideration by the Combined Authority on 6 February 2020.
- 2.10 The current working version of the draft Local Assurance Framework can be found [here](#).

Next Steps

- 2.11 At the meeting on 6 February 2020, the Combined Authority, as the accountable body for the LEP, will be requested to approve the substantive form of the draft Assurance framework subject to the incorporation of any further feedback and to authorise the Combined Authority's Managing Director to finalise the content of the Assurance Framework in consultation with the Chair of Combined Authority and the Chair of the LEP Board and to submit the document to Government by 28 February 2020.
- 2.12 It is the responsibility of the Director of Corporate Services, as the Combined Authority's Section 73 Officer (the Chief Finance Officer) to write to HM Government ahead of the 2020 Local Growth Fund payments to certify that the Assurance Framework has been agreed, is being implemented, and meets the standards set out in the National Framework.
- 2.13 In line with the continuous improvements to processes over the coming year, it is envisaged that further changes will need to be made to the Assurance Framework in 2020, in order to ensure that it is as efficient as possible – particularly given the variability in the scale and complexity of projects and programmes. Such a review will ensure that, going forward, the right level of proportionality is applied to different types of programme. These future changes will also incorporate amendments to reflect any future updates to guidance, as well as the feedback from the 'Annual Conversation' with Government.
- 2.14 Subject to further changes being required, an update to the Assurance Framework will be brought to the LEP Board and the Combined Authority on an annual basis.

3. Clean Growth Implications

- 3.1 Clean growth considerations and references to related activities have been embedded throughout the Assurance Framework and related internal governance documents and decision-making procedures. Building on the recent work to strengthen how clean growth and climate change impacts are considered as part of all new schemes that come through the Combined Authority's Assurance Framework (Decision point 1 and 2), the Combined Authority are now in the process of procuring expert advice to frame and develop a robust quantifiable methodology for assessing all new scheme's

predicted carbon emissions / wider clean growth impacts. Clean growth, including climate change, impact assessment / considerations are all now included in all Capital Spending and Project Approvals reports.

4. Inclusive Growth Implications

4.1 There are no inclusive growth implications directly arising from this report.

5. Financial Implications

5.1 The annual update to the Local Assurance Framework is required in order to remain compliant with government documentation. Failure to do this may result in future growth deal funding being compromised.

6. Legal Implications

6.1 The annual update to the Local Assurance Framework is in response to government requirements as set out above.

7. Staffing Implications

7.1 The annual update to the Local Assurance Framework is being accommodated within existing staff resources within the Combined Authority.

8. External Consultees

8.1 The Department for Business, Energy & Industrial Strategy (BEIS) has provided informal feedback on the draft Local Assurance Framework.

9. Recommendations

9.1 The West Yorkshire and York Investment Committee is requested to:

- (i) Note the changes that have been made to the Local Assurance Framework, as set out in this report.
- (ii) Approve the substantive form of the draft updated Assurance Framework document and provide feedback regarding any final changes.

10. Background Documents

10.1 [The National Local Growth Assurance Framework](#) (2019)

10.2 [Strengthened Local Enterprise Partnerships](#) (2018)

11. Appendices

11.1 None.