

Report to: West Yorkshire and York Investment Committee

Date: 5 November 2020

Subject: Assurance Framework Review

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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 type="checkbox"/> Yes <input checked="" 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 West Yorkshire and York Investment Committee with an update on progress relating to changes proposed to the Leeds City Region Assurance Framework arising from the West Yorkshire Devolution Deal for a Mayoral Combined Authority to be established.
- 1.2 To request the West Yorkshire and York Investment Committee to provide feedback on the updated Assurance Framework.

2 Information

- 2.1 The Assurance Framework was developed in 2015 as part of the Growth Deal with Government. Its purpose is to ensure that the necessary systems and processes are in place to manage funding effectively, and to ensure the successful delivery of the Strategic Economic Framework (SEF) ambitions. Its focus is to ensure that necessary practices and standards are implemented to provide the Government, Combined Authority, the LEP and local partners with assurance that decisions over funding (and the means by which these decisions are implemented) are proper, transparent and deliver value for money. It covers all projects and programmes funded from Government or local sources that flow through the LEP and Combined Authority. The

Assurance Framework is prepared in accordance with HM Government National Assurance Framework Guidance (2019) and builds on existing good practice.

- 2.2 The Assurance Framework must be reviewed annually and uploaded on to the LEPs website. The annual update is due by 28 February, however, due to the West Yorkshire Devolution Deal, the Assurance Framework has been subject to an extensive in-year review for the Mayoral arrangements to be adopted. The updated Mayoral Combined Authority Assurance Framework is required to be sent to Government on 1 December 2020 for approval in January 2021.
- 2.3 Other MCA Assurance Frameworks have been reviewed as part of this process to compare structures and content to identify areas of best practice. Regular communication with BEIS has also identified the level of detail to be included regarding the Mayoral arrangements for this update.
- 2.4 Consultation was undertaken on the current Assurance Framework for feedback to be gained from internal and external stakeholders including programme and project managers, consultants, Chief Highways Officers, Directors of Development and the Chairs of Committees. There were over 250 engagements through a survey and workshop attendees. The key outcomes identified as part of the consultation were:
 - Over 80% of respondents regarded the Assurance Framework as being effective in ensuring that the necessary systems and processes are in place to ensure that funding is managed effectively and there is a transparency and challenge process leading to successful delivery of schemes.
 - Positive comments are received on the Framework for its robustness for challenge, transparency and the way in which the Portfolio Management and Appraisal Team manage the assurance process.
 - The key themes on what could be improved centred around proportionality, recognising the one size does not fit all, the complexity of the process, flexibility within it and timescales for progressing schemes through the Framework.
- 2.5 A copy of the updated Assurance Framework can be found in **Appendix 1**. The key changes to the Assurance Framework are:
 - Re-structuring of the Assurance Framework to remove duplicated information.
 - Removal of the Executive Summary. Information contained within this is now incorporated into Section 1.
 - Addition of the Mayoral Combined Authority's role and remit including the Mayor's role in Decision-Making.
 - Addition of a statement that complies with the National Local Growth Assurance Framework, which states "that Local Assurance Frameworks

should set out the means by which elected Mayors will be involved in funding allocation and decision-making” and “that no spending commitments beyond the initial five-year allocation should be made until elected Mayors are in place and have agreed to the investment strategy.” This is to ensure consistency with the ambition and agreement to hold a single democratically elected figurehead accountable, and for their democratically invested power to influence the allocation of funding.

- References to the Strategic Economic Framework (SEF) and Local Industrial Strategy (LIS) have replaced the references to the Strategic Economic Plan (SEP).
- Incorporation of the Adult Education Budget governance arrangements.
- An update of the assurance process (Section 5) as a consequence of the feedback received from the consultation on the Assurance Framework, which took place between 3 July 2020 and 15 July 2020. Please refer to **Appendix 2** that explains the key changes.
- Updated wording to reflect updated working practices around project and programme appraisal.

2.6 The Mayoral elections are not due to take place until early May 2021. During the timeframe without a Mayor, the decision-making arrangements will continue as those outlined in the Assurance Framework. Upon election of the Mayor the decision-making arrangements will change and therefore BEIS require the Assurance Framework to also include these arrangements. Work is still ongoing to confirm these arrangements, which will be set out in an addendum to the Assurance Framework.

Next steps

2.7 The Assurance Framework has been reviewed by the Combined Authority’s Senior Leadership Team and the Finances & Corporate - Scrutiny Working Group.

2.8 The Assurance Framework will be taken to the Combined Authority Member Informal meeting on 10 November 2020 for their review and comment.

2.9 The Assurance Framework will be taken to the following Committees for approval:

- Scrutiny Committee – 13 November 2020.
- LEP Board – 17 November 2020.
- Governance and Audit Committee – 27 November 2020.
- Combined Authority for final approval – 10 December 2020.

2.10 The updated Assurance Framework will be sent to Government on 1 December 2020 for approval to be granted. Implementation of the Leeds City Region Assurance Framework will be once the order is approved, which is expected in early February 2021.

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. This will strengthen how clean growth and climate change impacts are considered as part of all schemes that come through the Assurance Framework.
- 3.2 To fully strengthen decision making across the whole of the Combined Authority's Assurance Framework a robust, quantifiable methodology for assessing all new schemes predicted carbon emissions/wider clean growth impacts is being developed.
- 3.3 Clean growth, including climate change, impact assessment / considerations are all now included in all Capital Spending and Project Approvals reports. This ensures that the business cases now reflect the Leeds City Region Climate Emergency priority and evidence that they will reduce carbon emissions (both directly and indirectly).

4 Inclusive Growth Implications

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

5 Financial Implications

- 5.1 There are no financial implications directly arising from this report.
- 5.2 It should be noted that approval of the Assurance Framework by Government is required for the devolution funds to be released. The S73 Officer will also sign off the Assurance Framework.

6 Legal Implications

- 6.1 There are no legal implications directly arising from this report.

7 Staffing Implications

- 7.1 There are no staffing implications directly arising from this report.

8 External Consultees

- 8.1 The Department for Business, Energy & Industrial Strategy (BEIS) has provided informal feedback on the Assurance Framework.
- 8.2 A series of workshops were undertaken with stakeholders to gain feedback on the current Assurance Framework and processes. The feedback gained has been incorporated within the document.

9 Recommendations

- 9.1 The West Yorkshire and York Investment Committee is asked to:

- (i) Note the progress made on the Assurance Framework and changes that have been made to the content and structure of the document.
- (ii) Provide comments and feedback on the Assurance Framework.

10 Background Documents

10.1 None.

11 Appendices

11.1 Appendix 1 – Assurance Framework

11.2 Appendix 2 – Assurance Process