

Capital Spend and Project Approvals

Appendix 1 - Assurance Framework Review 2021 and Background to the Report

1 Assurance Framework Review 2021

- 1.1 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.
- 1.2 The Assurance Framework must be reviewed annually as stipulated by Government, 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.
- 1.3 This review has now taken place with positive feedback from Government. The updated Assurance Framework was approved by the Combined Authority on 04 December 2020 and sent to Government on 05 December 2020. Approval by Government was given on 02 February 2021 and was implemented on 03 February 2021.
- 1.4 In general the updates made are:
 - Re-structuring to make it easier to read / flow better and removal of duplicated information.
 - Removal of the Executive Summary.
 - 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.

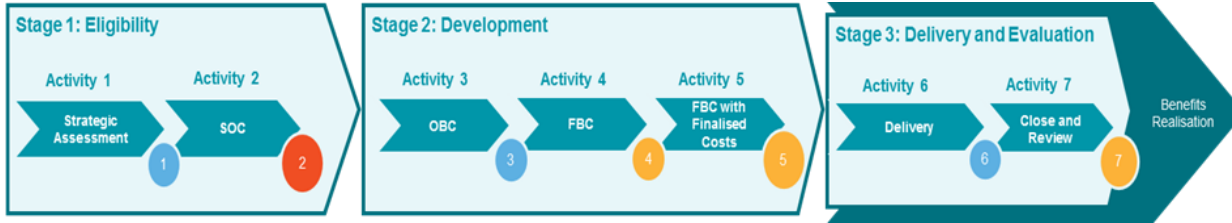
- References to the Strategic Economic Plan (SEP) have been replaced with references to the Strategic Economic Framework (SEF) and Local Industrial Strategy (LIS).
- Incorporation of the Adult Education Budget governance arrangements.
- An update of the assurance process (Section 7) in response to feedback received from the consultation on the Assurance Framework, which took place between 3 July 2020 and 15 July 2020. Please see below for further detail.
- Updated wording to reflect updated working practices around project and programme appraisal.

1.5 Decision making will remain the same as existing, i.e., approval is required at Combined Authority (CA) for all programmes and projects at least once in their lifetime and this is usually at decision point 2 (Strategic Outline Case). The Assurance Pathway and Approval Route is also set at this point.

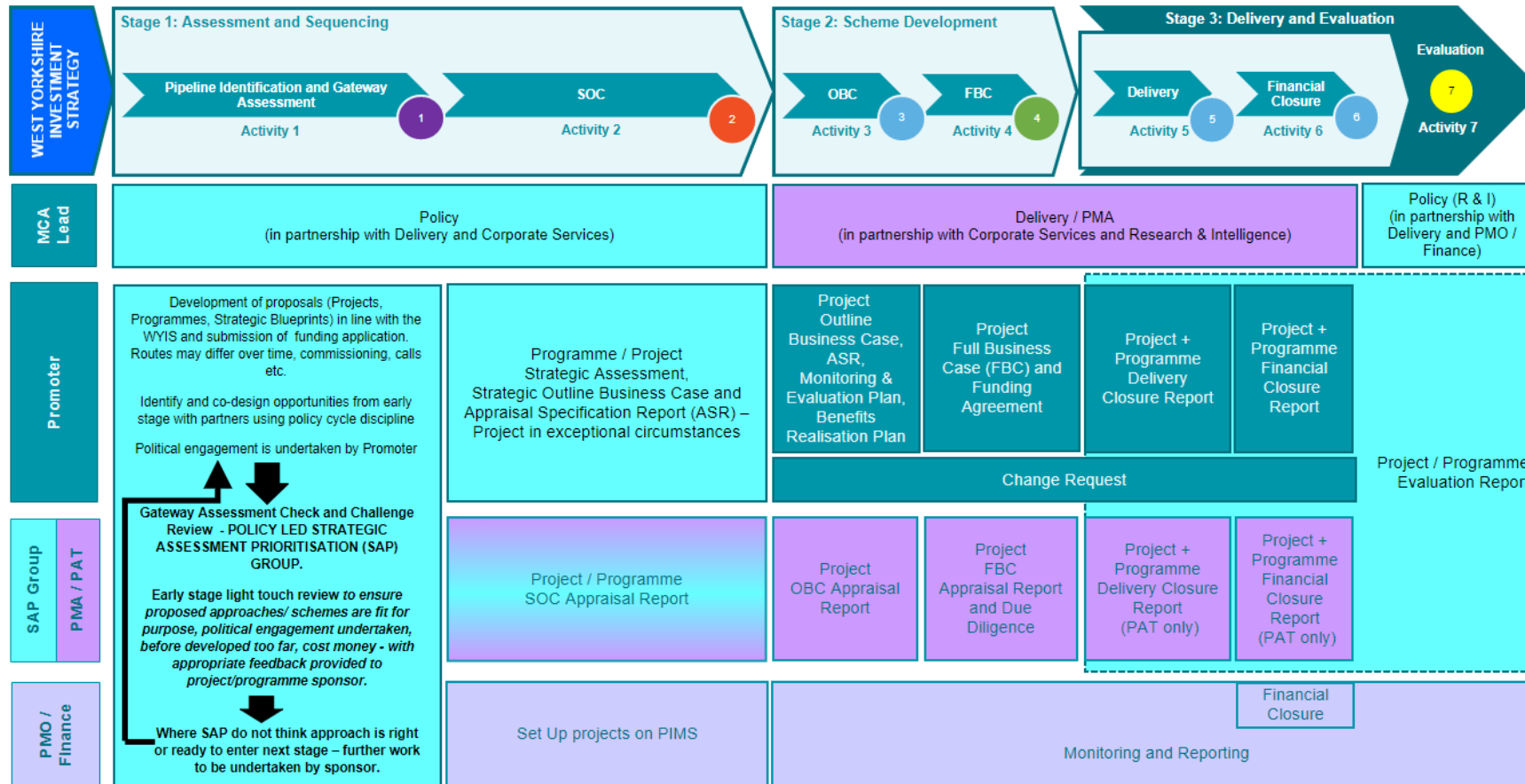
Assurance Process

1.6 The biggest change is to the assurance process changes are shown below:

Previously



New



WEST YORKSHIRE INVESTMENT STRATEGY	Stage 1: Assessment and Sequencing	Stage 2: Scheme Development	Stage 3: Delivery and Evaluation
MCA Lead	Policy (in partnership with Delivery and Corporate Services)	Delivery / PMA (in partnership with Corporate Services and Research & Intelligence)	Policy (R & I) (in partnership with Delivery and PMO / Finance)
Promoter	Development of proposals (Projects, Programmes, Strategic Blueprints) in line with the WYIS and submission of funding application. Routes may differ over time, commissioning, calls etc. Identify and co-design opportunities from early stage with partners using policy cycle discipline Political engagement is undertaken by Promoter	Project Outline Business Case, ASR, Monitoring & Evaluation Plan, Benefits Realisation Plan	Project Full Business Case (FBC) and Funding Agreement Project + Programme Delivery Closure Report Project + Programme Financial Closure Report
SAP Group PMA / PAT	Gateway Assessment Check and Challenge Review - POLICY LED STRATEGIC ASSESSMENT PRIORITISATION (SAP) GROUP. Early stage light touch review to ensure proposed approaches/ schemes are fit for purpose, political engagement undertaken, before developed too far, cost money - with appropriate feedback provided to project/programme sponsor.	Project / Programme SOC Appraisal Report	Change Request Project OBC Appraisal Report Project FBC Appraisal Report and Due Diligence Project + Programme Delivery Closure Report (PAT only) Project + Programme Financial Closure Report (PAT only)
PMO / Finance	Where SAP do not think approach is right or ready to enter next stage – further work to be undertaken by sponsor.	Set Up projects on PIMS	Monitoring and Reporting Financial Closure

KEY: ● Key Decision Point (CA Approval Required) ● Key Decision Point (IC/CA Approval may be required) ● Decision Point (IC/CA Approval may be required) ● Decision Point ● Reporting Point

- 1.7 There are no significant changes apart from the addition of the West Yorkshire Investment Strategy (WYIS) and the omission of the Full Business Case with finalised costs (FBC+). There will be little effect on the Combined Authority's existing funding programmes and projects.
- 1.8 The same flexibility will remain as existing, in that each project or programme will be set a bespoke approval pathway and approval route to be followed. This may be to delegate decisions to IC, MD etc. or it may be that certain decision point approvals are not required, or that bid documents to other government departments can be utilised. Furthermore, development costs can be funded at decision point 1 and beyond.
- 1.9 Activity 3 (OBC) and Activity 4 (FBC) remain as existing. However, the FBC+ is not now required. However, at FBC (Decision Point 4), PAT will set conditions that must be met before full approval of funding is given and the project can progress to Delivery (Activity 5).
- 1.10 In line with the recently revised Green Book, in assessing value for money, a stronger emphasis can now be placed on the strategic case and how the strategic objectives and priorities of the Combined Authority will be met through the delivery of the project. This might for example include, but not limited to, supporting the climate change and good growth agenda (the Combined Authority aims to achieve net-zero by 2038), supporting an increase in active mode and public transport use and / or supporting / accelerating housing development. The specific approach will be determined on a programme by programme basis as funding and investment streams come forward.
- 1.11 At Decision Point 5 (previously DP6) a project closure report will still be required but will be renamed Delivery Closure Report and will be substantially the same as the previous draft project closure report.
- 1.12 Activity 6 (previously activity 7) has been renamed Financial Closure, but is the same, i.e., the period when defects are made good and final accounts are agreed. So, at DP6 (previously DP7) a Financial Closure Report will be required (substantially the same as the previous final project closure report).
- 1.13 Activity 7 Evaluation replaces the previous "Benefits Realisation" to reflect the recent Evaluation Strategy that has been agreed and published. Activity 7 (Evaluation) will be managed by the Combined Authority's Research & Intelligence team. This is a reporting point as opposed to the previous decision points in the process and will be undertaken when the Programme (or project in some circumstances), is completed for an evaluation of the benefits, outcomes and economic impact compared to the overall programme objectives set out in the SOC. Insights and learning intelligence from evaluation will also be fed back into policy and strategy in order to inform the design and development of future programmes and schemes. Interim evaluations may also be undertaken as required as set out in the Monitoring and Evaluation Plan.

2 Future assurance and approval route

- 2.1 The tables for each scheme in the main report outline the proposed assurance process and corresponding approval route for the scheme. The assurance pathway sets out the decision points which the scheme must progress through and will reflect the scale and complexity of the scheme. The approval route indicates which committees or officers will make both a recommendation and approval of the scheme at each decision point. A delegated decision can only be made by the Managing Director if this has received prior approval from the Combined Authority.

3 Tolerances

- 3.1 In order for the scheme to follow the assurance pathway and approval route that is proposed in this report, it should remain within the tolerances outlined for each scheme. If these tolerances are exceeded the scheme needs to return to Investment Committee and/or the Combined Authority for further consideration.