



WEST MIDLANDS
COMBINED AUTHORITY

Board Meeting

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| Date | Friday 10 June 2016 |
| Report title | West Midlands Combined Authority Assurance Framework |
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| Report to be/has been considered by | WMCA Shadow Board – 27 May 2016 |

Recommendation(s) for action or decision:

The Combined Authority Board is recommended to:

1. Approve the West Midlands Combined Authority Assurance Framework delegating to the West Midlands Combined Authority Chief Executive any final amendments in response to finalised government feedback.

Agenda Item 3.3

1.0 Purpose

1. Approve the West Midlands Combined Authority Assurance Framework delegating to the West Midlands Combined Authority Chief Executive any final amendments in response to finalised government feedback.

2.0 Background

- 2.1 An Assurance Framework explains how an organisation will appraise projects, monitor and evaluate schemes and assess investment decisions. A well-designed framework helps ensure that selected investments are those that deliver maximum impact and best value for money, giving confidence they have been subject to suitable scrutiny and challenge.
- 2.2 HM Government are asking places in receipt of Single Pot (devolution funds) funding to write a local Single Pot Assurance Framework which DCLG will sign off before 2016-17 funding allocations of investment funds, and 2017-18 onward allocations of other funding streams, are paid. DCLG have published National Guidance on developing this 'Single Pot Assurance Framework' which has provided a guide for the development of the West Midlands Combined Authority Assurance Framework.
- 2.3 Despite being a requirement from HM Government, it is also good practice locally to set up a local Assurance Framework to ensure that local public money is spent in a robust, evidence-based and transparent way.
- 2.4 The West Midlands Combined Authority Assurance Framework has been developed in a collaborative and iterative way, aided by the West Midlands Combined Authority Assurance Framework Working Group supported by advice from PwC.
- 2.5 The Assurance Framework (and supporting documentation as outlined below) are currently in draft final version, and have been reviewed by DCLG and DfT who have been very positive about our progress.

3.0 West Midlands Combined Authority Assurance Framework

- 3.1 There are several key features of the West Midlands Assurance Framework:
 - Governance and decision making arrangements
 - Accountable and transparency
 - Project lifecycle appraisal process
 - Business case templates for Strategic Outline Case (SOC), Outline Business Case (OBC), and Full Business Case (FBC)
 - Appraisal template for assessing business cases
- 3.2 The West Midlands Combined Authority Chief Executive requires authority to approve the final working draft prior to submission to Government to ensure government timescale and lead in times are manageable.
- 3.3 During the development of the Assurance Framework, various issues have been exposed which have been discussed and largely resolved through the Working Group. These discussions have led to several assumptions being made that underpin the Assurance Framework. These are important to note to the Combined Authority Board.

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- Existing programmes that underpin the formation of the Combined Authority will need to be taken through the project lifecycle process, unless they have already established business cases.
- A Risk Management Strategy will need to be developed for the Combined Authority, outlining its appetite to risk, its approach to funding innovative and transformative projects, and outlining appropriate levels of scrutiny.
- Public Service Reform (PSR) outcomes will be important to consider within the Assurance Framework– the documents are currently being revised to take account of this.
- The Assurance Framework as it stands is not tried and tested and will therefore be subject to dummy runs –both a typical investment project but also for a PSR project. This will be done within the Combined Authority team, i.e. the people who will use the framework.
- Prioritisation and sequencing decisions need to be made – the assumption is that this will be done at the level of the Super SEP Board with the technical support of the West Midlands Combined Authority Investment Board.
- The governance arrangements need to reflect fully the role of LEPs in investment decision making and the relevant transport business case systems such as WebTag.
- An ambition to achieve standardisation over a period of time, integrate transport assurance requirements within the Combined Authority process and to minimise the number of Assurance Frameworks in operation across the CA geography.
- The scope of the Assurance Framework is ambitious and includes the full £8 billion funding.

4.0 Financial implications

- 4.1 The Framework itself has no direct financial implications but setting up an appropriate and robust assurance framework will help identify and control project and program expenditure thus ensuring risks and financial consequences are highlighted and managed as soon as they are identified.

5.0 Legal implications

- 5.1 There are no legal implications flowing from the contents of this report.

6.0 Equalities implications

- 6.1 An initial equality screen has been conducted on the establishment of the Combined Authority. There is no indication that the assurance framework will have negative implications for protected groups. Going forward, work carried out under the framework will be subject to Equality Analyses as required, to ensure they are complying with the Public Sector Equality Duty. The Combined Authority are working closely with the West Midlands Local Authority Equality Network to ensure equalities is embedded across the Combined Authority.

