

AGENDA ITEM 10**REPORT TO THE TEES VALLEY
COMBINED AUTHORITY CABINET****FRIDAY 13th MARCH 2020****REPORT OF THE STRATEGY AND INVESTMENT PLANNING DIRECTOR****TEES VALLEY ASSURANCE FRAMEWORK****SUMMARY**

The Tees Valley Assurance Framework agreed at Cabinet on 15th March 2019, established that the Framework would be subject to review on an annual basis. This report appends the updated (draft) Tees Valley Assurance Framework following review.

The Assurance Framework details the approach adopted for the administration and decision making of the Tees Valley Investment Plan, including all funding under the Combined Authority's control. The Assurance Framework is required for all Mayoral Combined Authorities and Local Enterprise Partnerships and must be submitted to Government by the end of March 2020.

RECOMMENDATIONS

It is recommended that the Combined Authority Cabinet:

- i. Approves the proposed changes to the Assurance Framework; and
- ii. Agrees the Assurance Framework for submission to Government.

DETAIL

1. The (draft) Tees Valley Assurance Framework provided at **Appendix 1**, sets out:
 - How the seven principles of public life shape the culture within the Combined Authority in undertaking its roles and responsibilities in relation to the use and administration of the Tees Valley Investment Fund, incorporating the Single Pot funding. This culture is developed and underpinned by processes, practices and procedures;
 - The respective roles and responsibilities of the Combined Authority, the Local Enterprise Partnership and the Section 73 Officer, in decision-making and ways of working and forms the published joint statement of the Combined Authority and the Local Enterprise Partnership;
 - The key processes for ensuring accountability, including public engagement, probity, transparency, legal compliance and value for money;

- How potential investments to be funded through the Tees Valley Investment Fund, incorporating the Single Pot, will be appraised, prioritised, approved, signed off and delivered; and
 - The processes for oversight of projects, programmes and portfolios and how the progress and impacts of these investments will be monitored and evaluated.
2. The Assurance Framework covers all funds within the Tees Valley Investment Fund, incorporating the Single Pot under the Tees Valley Devolution Deal agreed with Government, and funds added to the Single Pot since the Devolution Deal, together with other sources of income such as Enterprise Zone business rates and loan repayments. The Assurance Framework will continue to be reviewed on an annual basis with any revisions to be approved by Cabinet.
 3. It is proposed, that no fundamental changes will be made to the principles of the Combined Authority decision making process as presented within the existing Assurance Framework (2019).
 4. However, it is proposed to remove the necessity for named programmes and projects without allocations agreed in the Investment Plan 2019-2029 to provide Project Initiation Documents prior to the development of Business Cases, and instead provide Expressions of Interest, in order to establish indicative allocations. Following Combined Authority Cabinet approval of a funding allocation the Business Case appraisal process would be delegated in the same way as named prioritised programmes and projects.
 5. These changes will deliver enhanced transparency, improved decision making, clarify the process for project sponsors and ensure the Combined Authority remains at the forefront of good practice.

DECISION MAKING

6. In light of these proposed amendments the updated decision making process for programmes and projects within the Tees Valley Investment Fund, as set out in the Tees Valley Ten Year Investment Plan 2019-29, is replicated below for information:

Decision process for:

Named prioritised programmes and projects (identified in bold italics in the Investment Plan):

- For these programmes and projects the Combined Authority Cabinet has already agreed that the activity fits with our strategic objectives and has agreed a funding allocation to the activity. The detailed consideration of whether the programme or project represents value for money, has realistic delivery timescales and processes, will deliver the outputs and outcomes that we require etc. is undertaken through the development of a Business Case.
- This is then appraised by Combined Authority staff (with external technical support if required). Consideration of Business Cases and the appraisal is delegated to the Combined Authority Chief Executive for approval in consultation with Tees Valley Management Group, the Section 73 Officer and the Monitoring Officer (unless the

funding request exceeds the allocated funding in the Investment Plan by 10% or more). In the event the funding requested exceeds the original allocation by 10% or more the decision is referred to the Combined Authority Cabinet as this would have implications for the Investment Plan (with a recommendation provided by the Chief Executive on behalf of the Management Group, Mayor and Portfolio Holder);

- Decisions taken under delegation are reported to the Combined Authority Cabinet for information and to Overview & Scrutiny for information;
- In considering the appraisal recommendations (including any conditions) on Business Cases the following supporting information will be provided:
 - The Business Case; and
 - The completed appraisal document.
- For projects or programmes over £5m Business Cases and appraisal documentation will be published on the Combined Authority website. However, Business Cases for all transport schemes that represent functional standalone projects will be published on the TVCA website for 3 months prior to the decision being taken.
- Programmes of activity where several individual elements or projects will be delivered will have a Programme Management Framework appended to the Business Case. This will identify the delegated arrangements for the approval of expenditure on each of the individual elements or projects. This approval process will be agreed as part of the Programme approval.
- Consideration of expenditure in advance of Business Case approval is delegated to the Combined Authority Chief Executive in liaison with the Mayor and the thematic portfolio holder.

Named programmes and projects without allocations agreed in the Investment Plan:

- An Expression of Interest will be required for all projects and programmes under the thematic level that do not have a specific funding allocation identified within the Investment Plan. The Combined Authority will support the project sponsor to develop the Expression of Interest.
- The Expression of Interest will be considered by the Combined Authority Chief Executive, and reported to the Combined Authority Cabinet with a recommendation on the programme or project for Cabinet decision.
- Those programmes and projects that are accepted into the Investment Plan would then proceed to develop a full Business Case and go through the approval route for ***Named prioritised programmes and projects.***

New programmes and projects not in the Investment Plan:

- With a ten year Investment Plan new opportunities or challenges will arise and programmes and projects to address them will need to be considered. If they cannot be accommodated within an existing Investment Plan programme they will need to be considered for entry into the Investment Plan.
- An Expression of Interest will be submitted to the Combined Authority. This will then be considered by the Combined Authority Chief Executive, in consultation with the Tees Valley Management Group, the Mayor and the appropriate Thematic Portfolio Holder with the recommendation to accept a programme or project into the Investment Plan taken to the Combined Authority Cabinet for decision. Those

programmes or projects not recommended to proceed will be reported to the Combined Authority Cabinet for information.

- Those programmes and projects that are accepted into the Investment Plan would then proceed to develop a full Business Case and go through the approval route for ***Named prioritised programmes and projects.***

FINANCIAL IMPLICATIONS

7. It is necessary to submit and have the Assurance Framework agreed by Government in order to unlock our Investment Plan funding for 2020/21.

LEGAL IMPLICATIONS

8. The proposed amendments to the Assurance Framework do not have any legal ramifications, it will not be necessary to update the Combined Authority Constitution as a result of these changes following approval.

RISK ASSESSMENT

9. This report is categorised as low risk, minor changes to the Assurance Framework have been suggested which do not present a material alteration to the existing Assurance Framework which has previously been approved by Government.

CONSULTATION & COMMUNICATION

10. The Tees Valley Assurance Framework agreed at Cabinet on 15th March 2019, established that the Framework would be subject to review on an annual basis. This review has been undertaken and is here presented to Cabinet for decision. Prior to Cabinet: Tees Valley Management Group, Local Authority Chief Executives and Local Enterprise Partnership members have been consulted on the (draft) Assurance Framework. If agreed the updated Tees Valley Assurance Framework will be hosted on the Tees Valley Combined Authority website and will be available to partners, potential project sponsors and the public.

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