



TEES VALLEY
COMBINED
AUTHORITY

Tees Valley
Unlimited

TEES VALLEY SINGLE POT AND PROGRAMME MANAGEMENT ASSURANCE FRAMEWORK

August 2016



1. Overview

The devolution deal signed between Tees Valley¹ and HM Government provided the area with greater local control, flexibility and responsibility over funding streams and their outcomes, in particular the management of the Single Pot approach to funding, which consolidates funding lines and reduces ring fences.

TVCA is a Mayoral Combined Authority and therefore operates according to the Local Government Financial Framework, as set out in Department for Communities and Local Government's (DCLG) Local Government System Statement. This provides assurance to the Department Accounting Officer and to Parliament about how funding routed through local government is spent.

The following document is the assurance framework for the Single Pot and explains how Tees Valley will ensure accountable and transparent decision making, appraise projects and monitor and evaluate schemes to achieve value for money and ensure that funds are spent lawfully. This document does not replace any of the checks and balances prescribed by the existing accountability systems and local authorities' statutory responsibilities. The Tees Valley Single Pot Assurance Framework is one of a suite of key devolution deal implementation documents that should be viewed together. Other documents are:

- **Devolution agreement documents, which set out the terms and commitments between HM Government and Tees Valley;**
- **Implementation Plan, which sets out clear plans to deliver commitments in devolution deals;**
- **Single Pot Settlement Letters, which outline the principles and content of the Single Pot.**

Recognising the fluidity and lifetime of the programme of investments, the assurance framework will be refreshed annually, in consultation with the Tees Valley Combined Authority (TVCA) Management and Board. Where potential changes result in significant divergence from the approved local assurance framework, these will be agreed with TVCA and the Accounting Officer for DCLG and other relevant Accounting Officers across Government. Such instances may include where the passage of legislation through parliament, additions to the single pot or further devolution agreements alter the functions and funding available to the CA and mayor.

¹ Tees Valley includes the local authorities of Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton.

2. Accountable and Transparent Decision Making

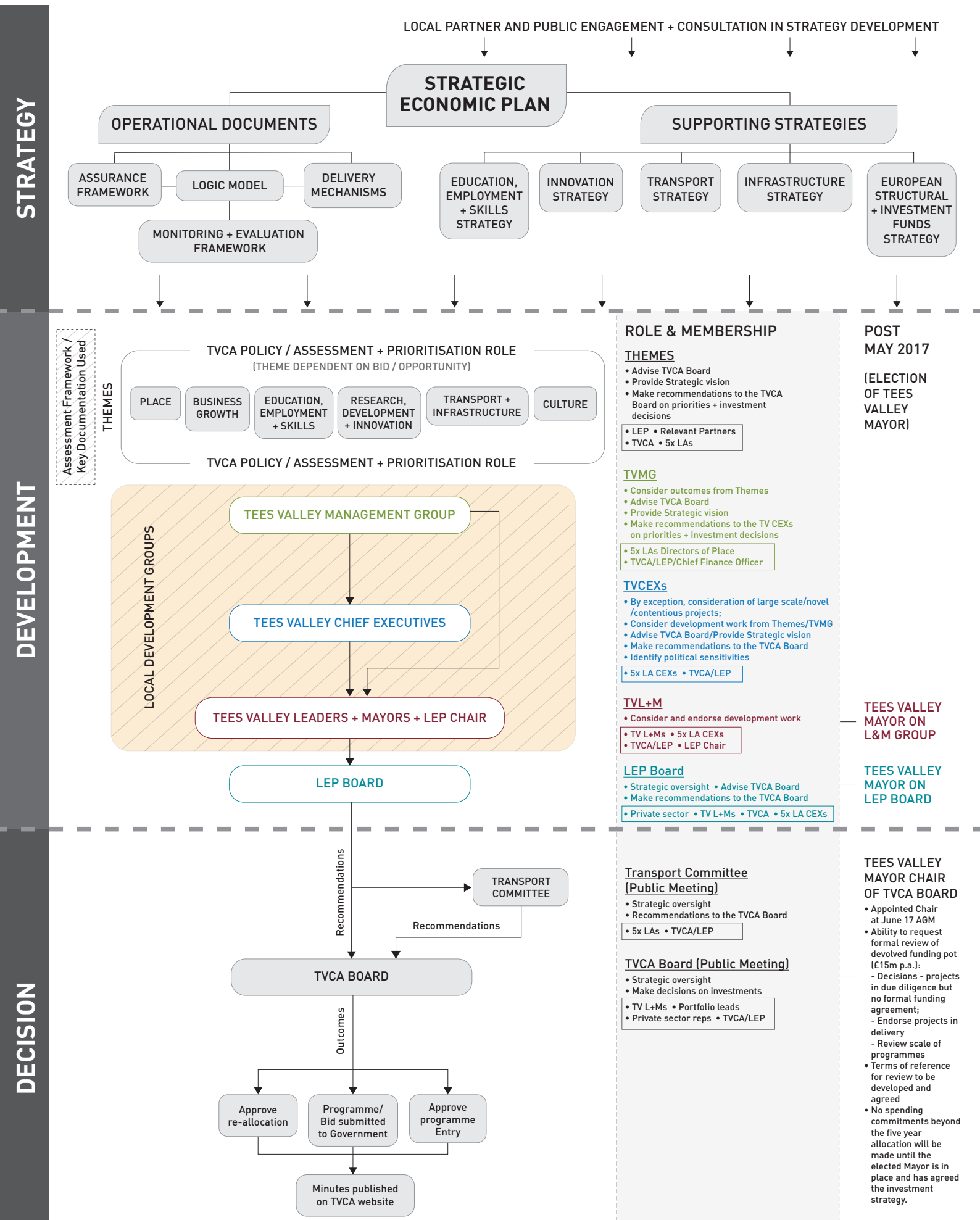
This section describes how TVCA will ensure accountable and transparent decision making in relation to the use of the Single Pot funding lines.

Accountable Decision Making

The following diagrams form the basis for the Tees Valley Single Pot Assurance Framework and display the following:

- **Diagram 1:** This displays the process that would be followed for new bids/programme submissions to Government, a new programme entry (locally) and the re-allocation of funds (locally). It also displays the overarching role of the Strategic Economic Plan (SEP), the role and membership of the TVCA Board and Leadership (LEP) Board and local development groups and the role of the Tees Valley Mayor, post-election in 2017;
- **Diagram 2:** This displays the process that would be followed for considering project level due diligence for investments made through the Single Pot, and highlights key Officers and Groups with delegated responsibility for this process (i.e. the projects have been approved for programme entry by the TVCA Board);
- **Diagram 3:** This displays the process that would be followed to deal with project changes/ monitoring once projects are in the delivery phase, and highlights key Officers and Groups with delegated responsibility for this process.

DIAGRAM 1 | PROCESS FOR BIDS, NEW PROGRAMME, PROGRAMME ENTRY, RE-ALLOCATION OF FUNDS



STRATEGY

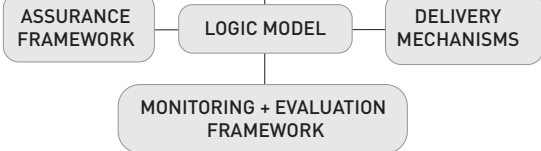
DEVELOPMENT

DECISION

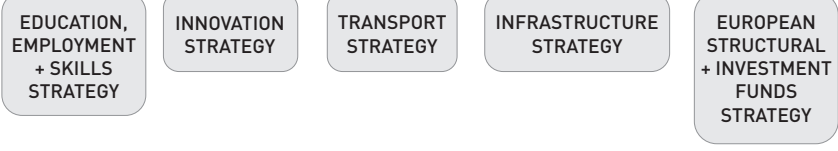
LOCAL PARTNER AND PUBLIC ENGAGEMENT + CONSULTATION IN STRATEGY DEVELOPMENT

STRATEGIC ECONOMIC PLAN

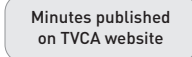
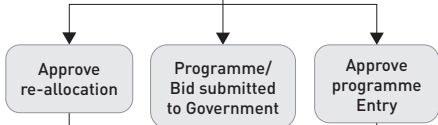
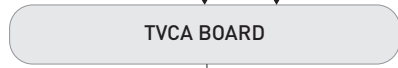
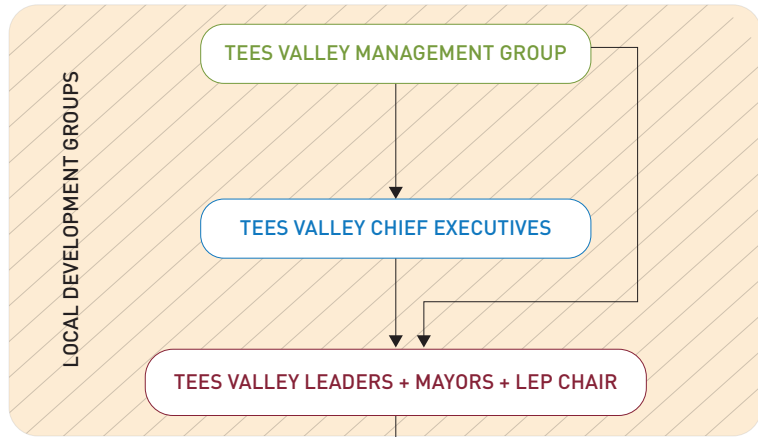
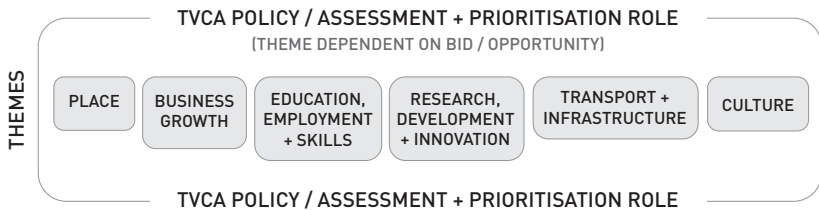
OPERATIONAL DOCUMENTS



SUPPORTING STRATEGIES



Assessment Framework / Key Documentation Used



ROLE & MEMBERSHIP

- THEMES**
- Advise TVCA Board
 - Provide Strategic vision
 - Make recommendations to the TVCA Board on priorities + investment decisions
- LEP • Relevant Partners
• TVCA • 5x LAs

- TVMG**
- Consider outcomes from Themes
 - Advise TVCA Board
 - Provide Strategic vision
 - Make recommendations to the TV CEXs on priorities + investment decisions
- 5x LAs Directors of Place
• TVCA/LEP/Chief Finance Officer

- TVCEXs**
- By exception, consideration of large scale/novel /contentious projects;
 - Consider development work from Themes/TVMG
 - Advise TVCA Board/Provide Strategic vision
 - Make recommendations to the TVCA Board
 - Identify political sensitivities
- 5x LA CEXs • TVCA/LEP

- TVL+M**
- Consider and endorse development work
- TV L+Ms • 5x LA CEXs
• TVCA/LEP • LEP Chair

- LEP Board**
- Strategic oversight • Advise TVCA Board
 - Make recommendations to the TVCA Board
- Private sector • TV L+Ms • TVCA • 5x LA CEXs

- Transport Committee (Public Meeting)**
- Strategic oversight
 - Recommendations to the TVCA Board
- 5x LAs • TVCA/LEP

- TVCA Board (Public Meeting)**
- Strategic oversight
 - Make decisions on investments
 - TV L+Ms • Portfolio leads
 - Private sector reps • TVCA/LEP

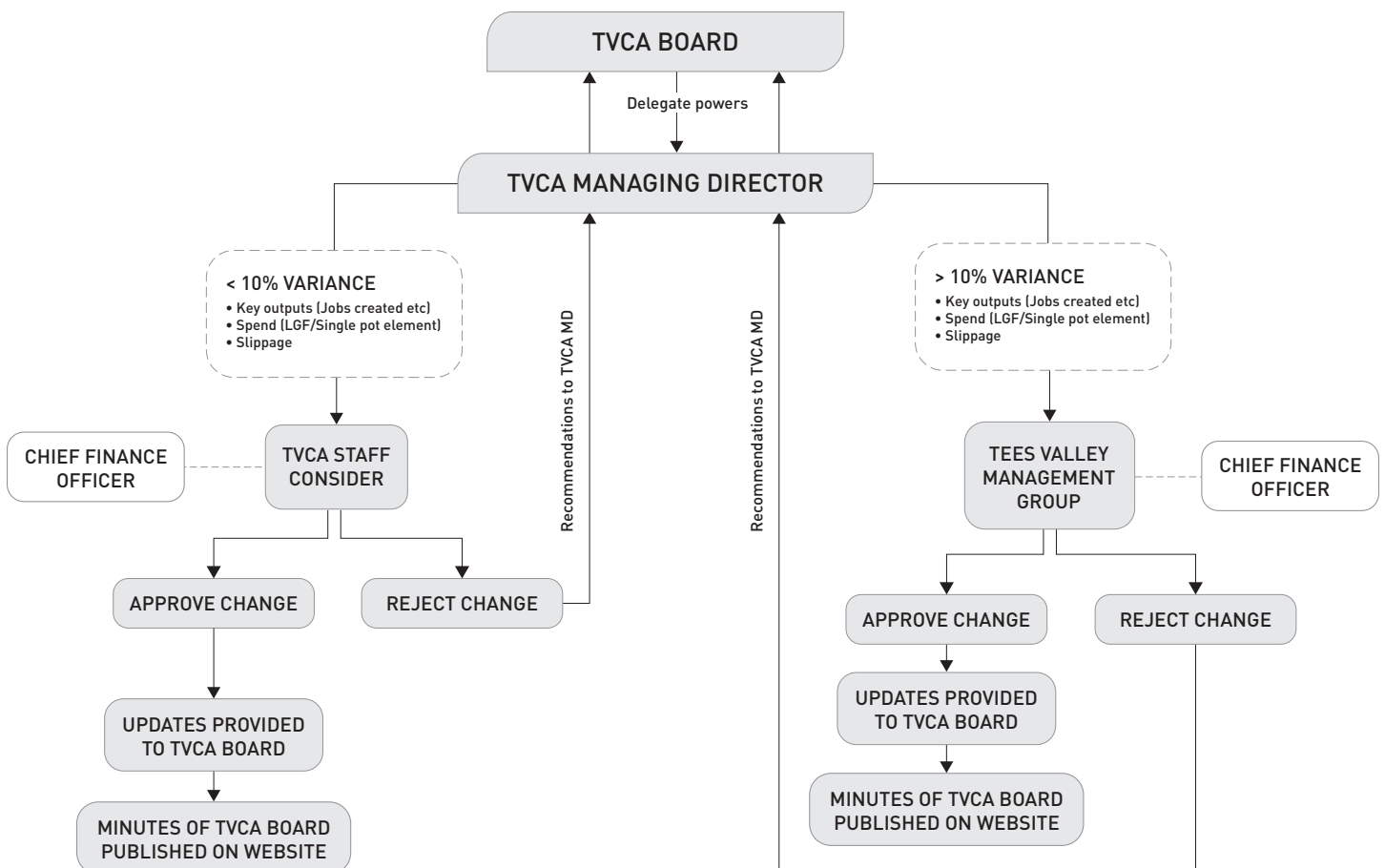
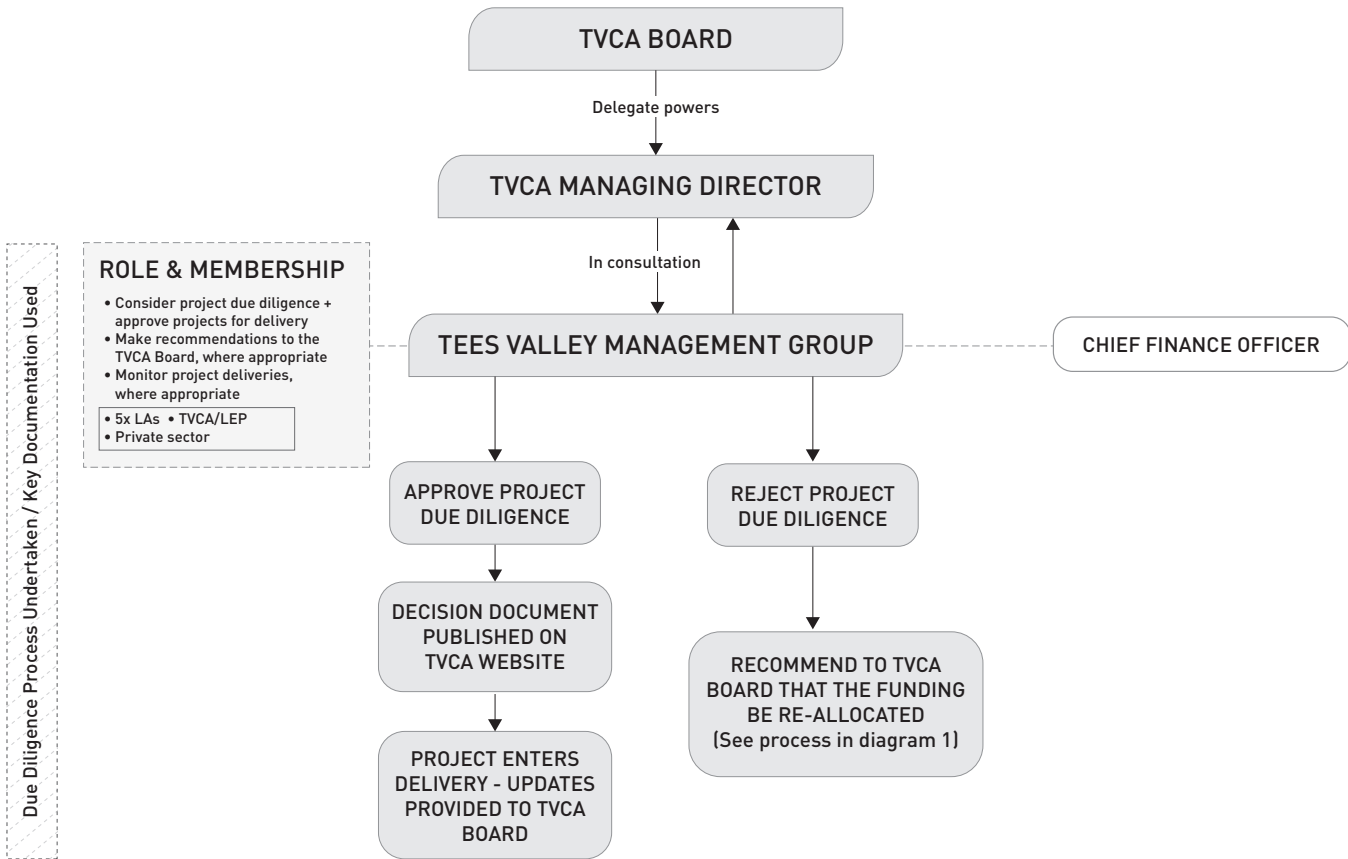
POST MAY 2017
(ELECTION OF TEES VALLEY MAYOR)

TEES VALLEY MAYOR ON L&M GROUP

TEES VALLEY MAYOR ON LEP BOARD

TEES VALLEY MAYOR CHAIR OF TVCA BOARD

- Appointed Chair at June 17 AGM
- Ability to request formal review of devolved funding pot (£15m p.a.):
 - Decisions - projects in due diligence but no formal funding agreement;
 - Endorse projects in delivery
 - Review scale of programmes
- Terms of reference for review to be developed and agreed
- No spending commitments beyond the five year allocation will be made until the elected Mayor is in place and has agreed the investment strategy.



Engagement of Local Partners and the Public

TVCA will ensure effective engagement with local partners through existing practices and processes, which have been in existence for a number of years.

Wide ranging local partner and public consultation is undertaken during the development of Strategy documents. A number of thematic task and finish groups are also used for work stream development, where appropriate, and these include local partner representation. Following development, key Strategy documents are placed on the TVCA website for public consultation for a period of time, with responses considered and feedback published where appropriate.

Accountable Body Arrangements

Tees Valley Combined Authority is a local authority for the purposes of the Local Government Act 1972 and the Local Democracy, Economic Development and Construction Act 2009 and as such is the Accountable Body for the Local Enterprise Partnership and for public expenditure that supports the Strategic Economic Plan, facilitating collective decision making between constituent partners in economic development, regeneration and transport.

The Combined Authority has appointed officers to undertake the statutory Head of Paid Service (Managing Director), Chief Finance Officer and Monitoring Officer roles. The Chief Finance Officer role will ensure that the use of resources are used legally and appropriately, that they will be subject to the usual checks and balances and by making sure there is a sound system in place for financial management. The Monitoring Officer role will ensure that all legal responsibilities are adhered to. Please refer to the [Constitution of the Combined Authority](#) for further detail.

Audit

The Combined Authority has established an Audit and Governance Committee. This committee is a key component of the TVCA's corporate governance arrangements and an important source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment, reporting on financial and other performance, and for the promotion and maintenance of high standards of conduct by its Members.

The annual external audit of the Combined Authority's accounts will be undertaken by an external accountancy firm appointed by Public Sector Audit Appointments Limited and will be included within the statutory statement of accounts. As part of the Chief Finance Officer statutory responsibilities all internal audit requirements will be undertaken by properly qualified officers of Stockton Borough Council as part of the delegation of administrative functions.

Transparent Decision Making

It is important that all decisions taken regarding the Single Pot are accountable, open and transparent. Transparency will be maintained through existing Tees Valley Combined Authority (TVCA) arrangements and by adhering to the Local Government Transparency Code (2015).

TVCA Governance Structure

A diary of all TVCA Board meetings and LEP Board meetings will be agreed during the year as soon as possible after the Annual Meeting of the Combined Authority. The TVCA Board meetings take place in public, with agendas published on the TVCA website 5 clear working days before the meeting and minutes published as soon as practicable following the meeting.

As detailed in Diagram 1, the TVCA has a number of local 'development' groups, which support the TVCA Board. The meetings of these groups will be agreed to ensure fit with the overall TVCA Board meeting timetable, as appropriate. The thematic task and finish groups will be arranged as and when required, to support the TVCA policy and assessment role. TVCA will continue to review the governance structure in order to ensure streamlined and efficient decision making.

Publication of Decisions

As detailed above, and in Diagram 1, TVCA will publish a record of the decisions made at TVCA Board meetings through publication of the minutes via the website. A record of the outcome of the due diligence process for projects will also be published on the TVCA website, as shown in Diagram 2. Updates on projects in delivery will be provided to meetings of the TVCA Board and these will be recorded through the TVCA Board minutes. TVCA will also ensure compliance with Government guidelines on publication, where appropriate. For example, the requirement to seek external views on transport business cases through publication on the TVCA website.

Freedom of Information Act 2000 and Protection of Freedoms Act 2012

As a public body, TVCA will be responsible for holding the official record of Single Pot proceedings and all Single Pot documents and will ensure compliance with the Freedom of Information Act 2000 and Protection of Freedoms Act 2012. Full details of TVCA's Freedom of Information requests procedures can be found on the [TVCA website](#).

Publication of Annual Accounts

The Annual Statement of Accounts of TVCA and spend over £500 will be published on the [TVCA Website](#).

Conflicts of Interest

TVCA has a clear set of procedures in place for dealing with any conflicts of interest, which may occur during business, whether at the TVCA Board or the local 'development' groups. The full procedure is at Appendix 1.

Complaints Procedures

Tees Valley Combined Authority (TVCA) has a dedicated complaints procedure which is followed upon receipt of a complaint. This is available on the [TVCA Website](#).

Equality and Diversity

An Equality Framework has been established that covers the work and outputs of all of the TVCA boards, panels and groups, which is updated on an annual basis. This is available on the [TVCA Website](#).

Gifts / Hospitality

Existing TVCA gifts and hospitality procedures apply where any gift or hospitality over the value of £25 will be declared and documented, internally, by TVCA.

3. Programme Management Framework and Ensuring Value for Money

This section describes the Programme Management Framework approach that is in existence for Local Growth Fund investments, and which will be applied to all Single Pot investments*. It also sets out in further detail how TVCA will ensure value for money and effective delivery of investments made through the Single Pot and how risk will be managed.

Programme Management Framework

TVCA has in place an existing Programme Management Framework for the Local Growth Fund, which has been approved by Government. This Framework will be utilised for all investments through the Single Pot. It provides stakeholders – including Government, local partners and local communities – the assurance that there is a robust framework in place to manage projects in an appropriate way, from project planning and development, through to selection, delivery and closure, ensuring at all times maximum impact and value for money for the local area and that funds are spent lawfully. TVCA will utilise appropriate programme management approaches to manage funds between projects, themes and financial years. In summary, the Framework includes the following stages:

- **Planning and Development** – Informed by the Strategic Economic Plan, TVCA local development groups develop potential projects of strategic importance to ensure there is a robust pipeline of projects in place;
- **Open Calls for Projects** – TVCA will invite applications for investment from the Single Pot through an ‘open call’ process. The focus, timing and financial allocations for calls will be determined locally based upon local strategic plans and priorities;
- **Prioritisation and Selection of Projects** – Following the open call process, the Assessment Framework is used to appraise and prioritise projects, locally, with the TVCA Board to approve projects for selection in to programmes or approve bids to Government, where appropriate;
- **Due Diligence and Project Approval** – Projects complete and submit business cases, which follow Green Book principles, for independent due diligence. The outcomes of the due diligence exercise are considered by the Investment Panel, with final approval of projects made and a legal Funding Agreement signed between the project and TVCA;
- **Delivery, Monitoring and Evaluation** – The project is monitored throughout delivery, with any required project changes following the required process;
- **Project Closure** – Financial and practical matters overseen by Investment Panel.

*This is with the exception of any project over £5m within this pot, which will follow the process as set out in this framework, including specific DfT requirements.

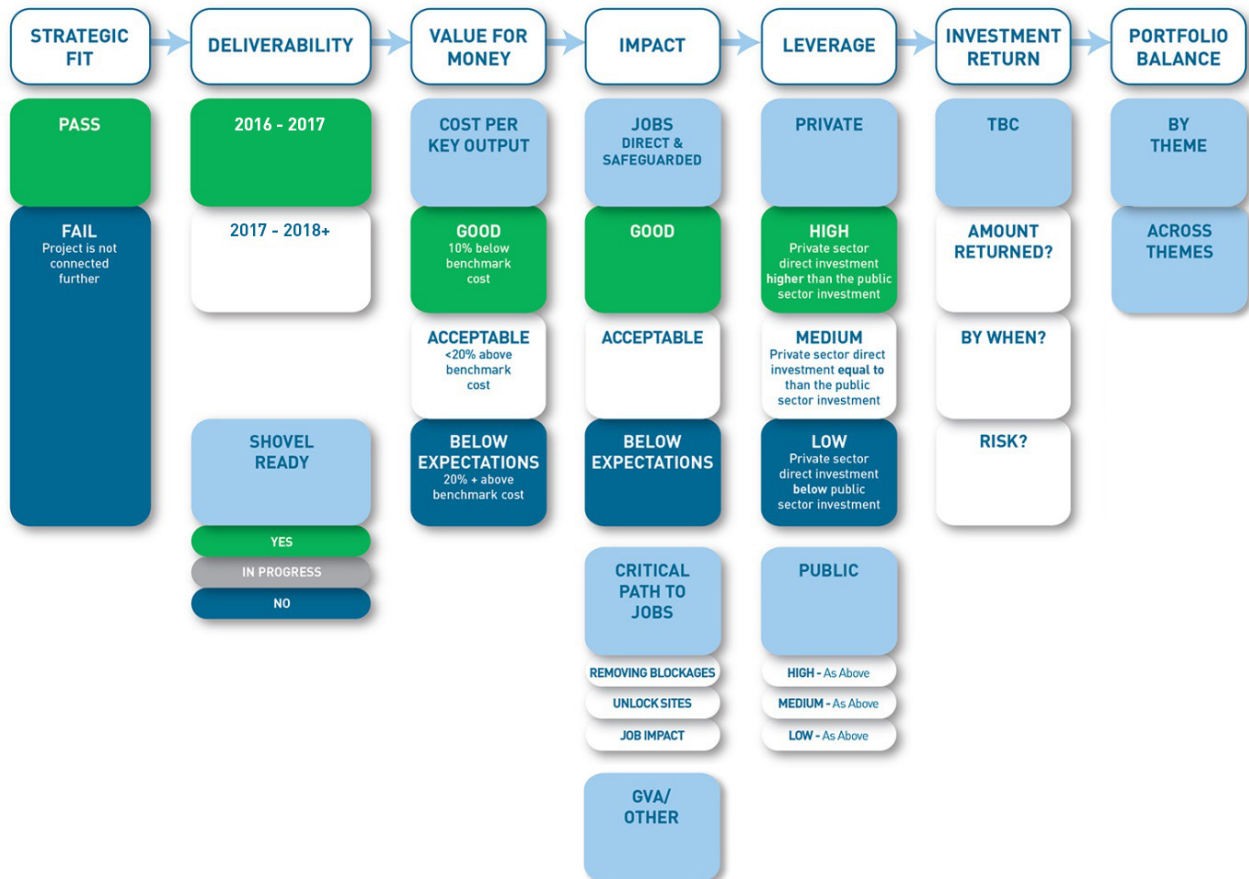
Options Appraisal and Prioritisation

As shown in Diagram 1, TVCA has in place a number of groups that undertake a role in the development of strategic projects to ensure that there is a robust pipeline of projects in place. This pipeline of projects is developed in line with the Strategic Economic Plan and in consultation with the LEP and TVCA Boards.

TVCA has in place an existing Assessment Framework for the Local Growth Fund and this framework will be used for the Single Pot (see Diagram 4 below). All potential projects will be expected to consider and have full regard for the framework. They must demonstrate a clear strategic fit and be shown to be of strategic importance to the Tees Valley. They must be able to demonstrate their ability to offer value for money and must show how they will maximise their impact across the Tees Valley (particularly in relation to jobs and growth). They must also offer assurances regarding their deliverability and show consideration for their ability to payback Single Pot funding, where appropriate.

In order to ensure it remains fit for purpose and can be appropriately applied to the various funding lines within the Single Pot, the detailed version of the Assessment Framework is currently undergoing independent review. This review is being undertaken in consultation with the TVCA Board and will be complete by the end of Summer 2016. Following this, the Assessment Framework will be published on the TVCA website, as part of the Assurance Framework.

DIAGRAM 4



Value for Money and Business Case Development

TVCA will ensure that an appropriate assessment of investments made through the Single Pot is undertaken to ensure value for money. This assessment will be proportionate to the funding allocated and in line with the established guidance, where appropriate, as set out by HM Government:

- **HM Treasury Green Book (including any relevant supplementary guidance);**
- **DCLG Appraisal Guide;**
- **Infrastructure UK Route map; and**
- **Transport requirements, including:**
 - Use of WebTAG for all transport schemes (over £5m) by scheme promoters in business case development and by the organisation appointed to undertake independent due diligence;
 - Use of NTEM in scheme appraisal/due diligence;
 - Production of VFM statement through the due diligence process (which is undertaken by an independent organisation), which will be in line with DfT requirements and is signed off by the Managing Director and the Chief Finance Officer of the TVCA (in the instance that this presents conflict of interest concerns, another senior officer, from a separate part of TVCA, will sign off VFM statements);
 - All transport schemes will represent at least high value for money (as defined by DfT guidance), and this will be ensured through business case development and due diligence processes;
 - All transport schemes (over £5m) will have the economic case assessed at each approval stage.

For each investment, TVCA will estimate a Benefit to Cost Ratio (BCR) and Net Present Public Value (NPPV) and produce an overall assessment of value for money based on these metrics and non-monetised impacts. These should be clearly communicated in each business case and to decision makers. In principle, TVCA will fund policies/schemes that have a positive Net Present Public Value and the highest Benefit to Cost Ratio subject to other criteria (i.e. affordability/deliverability).

The existing process and documentation used for business case development and due diligence for the Local Growth Fund will be employed for the single pot. These documents will adhere to the most recent HM Treasury Green Book guidance which will be used alongside relevant departmental guidance, and will be used for investments made through the Single Pot. All projects submitting business cases will be expected to set out, in an appropriate level of detail, the strategic case, economic case, commercial case, financial case and management and legal case. TVCA work directly with project applicants to develop their business cases prior to the project entering formal due diligence.

TVCA will appoint an independent organisation, through appropriate procurement, to undertake due diligence on behalf of the TVCA. The independent organisation works directly with the project applicant to undertake a detailed appraisal. The organisation then makes recommendations to the TVCA and these are then presented to the Tees Valley Investment Panel for decision. Diagram 2 shows the process that will be followed to consider the outcomes of the independent due diligence.

In order to ensure it remains fit for purpose and is proportionate to the various funding lines within the Single Pot, the detailed documentation and processes for business case development and due diligence is currently undergoing independent review. This review is being undertaken in consultation with the TVCA Board and will be complete by the end of Summer 2016.

State Aid

At all stages of project development, project applicants will be required to confirm that their project complies with State Aid Regulations and does not contravene State Aid Legislation. Project applicants will be expected to outline what advice (e.g. legal advice) they have had in relation to state aid and will be required to provide a State Aid Statement, prior to any funding being provided. Any award of funding will be subject to a condition requiring the repayment of any TVCA funding in the event that the European Commission determines that the funding constitutes unlawful state aid. The TVCA will also conduct legal due diligence to obtain further confidence that state aid requirements have been met.

Public Sector Equalities Duty

TVCA will take in to consideration Section 149 of the Equality Act 2010 and consider the impact upon people/groups with protected characteristics. Project applicants will be expected to provide evidence to this end, during the application process for TVCA funds. This will be assessed through the due diligence process.

Sharing of Information

The following information will be shared on the TVCA website:

- **The summary of appraisal undertaken for each project. This document will be shared once a project has been through independent due diligence and has been approved. The project applicant will reserve the right to redact any commercially sensitive information within the document, prior to publication.**
- **The business cases for transport projects only. These will be published on the TVCA website for external comments, prior to approval. The project applicant will reserve the right to redact any commercially sensitive information within the document, prior to publication.**

Risk Management

Senior Officers of the TVCA (TVCA Managing Director and Chief Finance Officer) will be responsible for the identification and management of risk. A high level risk register is currently maintained for the Local Growth Fund Programme and this approach will be taken for the Single Pot (see example below). The high level risk register is used as the basis for discussions with our local Relationship Manager from the Cities and Local Growth Unit on a monthly basis, and is provided as part of a wider programme update on a fortnightly basis. At the project level, all projects are expected to outline in detail any identified risks during the business case development and due diligence processes. Once in delivery, projects maintain an ongoing risk register and this is reported to TVCA during the financial claims process and is also reported in the wider programme update.

DIAGRAM 5

Example

Single Pot Delivery Risk Register

No.	Programme Risks	Lead	Risk Rating	Finances	Delivery	Outputs	Summary	Actions	TVCA Lead
1			Green	L	L	L			
2			Amber	M	L	L			
3			Red	M	M	L			

Project Risks	Lead	Risk Rating	Finances	Delivery	Outputs	Summary	Actions	TVCA Lead
		Green	L	L	L			
		Amber	M	L	L			
		Red	M	M	L			

Criteria	
Finances	L/M/H
Outputs	L/M/H
Delivery	L/M/H

Bandings	
All Low Risk	Green
1 Medium	Amber
2+ Medium	Red
1 or more High	Red

Next Steps
RED = Action Plan Required
AMBER = Closer Monitoring/ Regular Visits
GREEN = No Action

4. Evaluation and Monitoring

TVCA will undertake an appropriate level of monitoring and evaluation on the agreed Devolution Deal. In addition Tees Valley, in conjunction with the 8 other Combined Authorities who are in receipt of City Growth Deals/Devolution Deals have procured a panel of specialists to develop a methodology and appropriate metrics to consistently evaluate the impact of the financial support within the respective Single Pots of said 8 bodies.

The proposed evaluation framework is in two parts (see below), will cover all activities supported under the Single Pot and subsequently contribute to the first Gateway Review (2020), including:

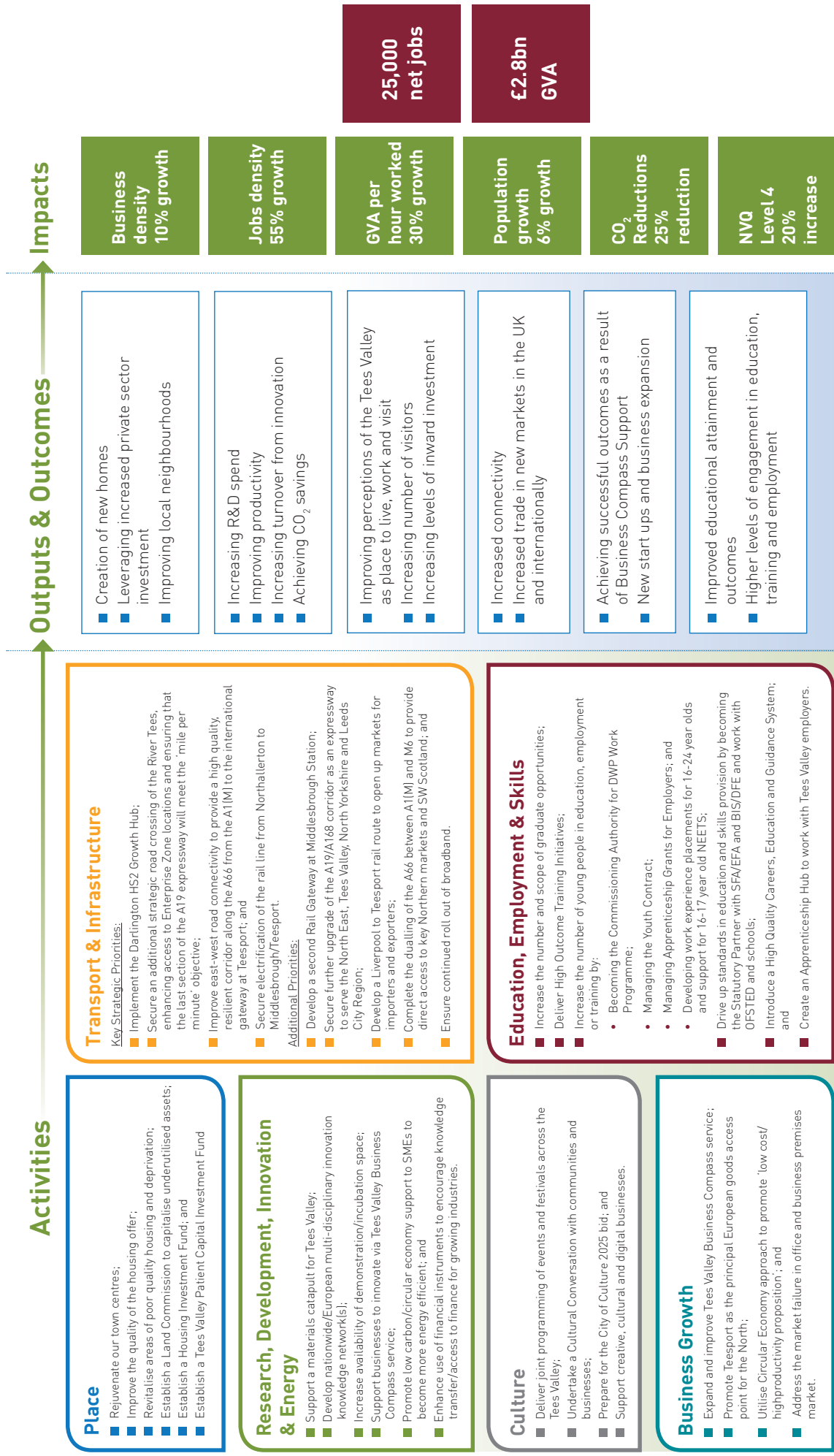
- **National Performance:** Using an agreed list of metrics, the evaluation will assess performance of Tees Valley against key indicators, in order to assess progression; and
- **Local Performance:** In order to provide 'local granularity and assess value for money' the specialist panel of external evaluators, will develop a local evaluation methodology, incorporating the national performance indicators but augmented by outputs and impacts specific to the range of projects supported by the Tees Valley single pot.

Outputs and impacts highlighted in the SEP logic model (see Diagram 6), augmented by assessment frameworks developed by the six working groups within Tees Valley, will inform the subsequent external evaluation of the Single Pot.

The existing plan for evaluation and monitoring of the Local Growth Fund projects, which has been approved by Government, will be implemented as planned but will have regard to the work outlined above, once further information is available on this process.

DfT guidance on monitoring and evaluation will be considered for Transport schemes.

DIAGRAM 6



5. Communications

The overall TVCA Communications Plan will be used to ensure that key progress and delivery updates are given to stakeholders and the public, when appropriate.

The communications approach will take into account the requirements of the following:

- **Project Applicants;**
- **Governance requirements;**
- **Wider partnership requirements; and**
- **Communities' requirements.**

CONFLICT OF INTEREST PROCEDURES

Introduction

1. Tees Valley Combined Authority (TVCA) Board Members should act impartially and should not use their position on the board to further their personal or private interests. It is therefore good practice to have a set of clear procedures for dealing with any conflicts of interest, which may occur during business, whether at the Combined Authority Board or the Sub Boards.
2. The purpose of this note is to advise TVCA Board Members what is meant by a “conflict of interest” and to set out procedures for dealing with such conflicts if they occur.
3. Board Members, have approved and thereby agreed to be bound by the TVCA’s Code of Conflict, as required by the Localism Act, 2011. Within that Code are requirements relating to the declaration and registration of personal non-prejudicial and personal/prejudicial interests. TVCA Board Members should have regard to all the requirements of the Code when considering TVCA business.

Definition

4. A conflict may be defined as an interest in any TVCA business which relates to or is likely to affect the financial, commercial, professional or personal interests of an individual member, their relatives, close associates, employer, any firm in which they are a partner, any company of which they are Directors, or the organisation they are representing on TVCA.
5. An example of a conflict of interest could be a business representative influencing a decision that will be of financial benefit to that members business or another business that they have an interest in.
6. The responsibility for declaring an interest and for withdrawal from the meeting room and not improperly influencing a decision on a partnership matter rests with the individual Board Members.

Basic Principles

7. In conducting its business, TVCA requires all partner organisations, and their representatives, to act in the overall interests of TVCA and its schemes.

8. Partners should accept a collective responsibility for the effective delivery of the funding programmes, which over-rides any individual interests (corporate or personal).
9. Partners should declare an interest when involved with partnership business and act at all times in good faith, in the best interest of the schemes and the local area.

Procedures

10. In conducting TVCA business, the following procedures will be applied:
 - (i) A standing item, regarding conflicts of interest, will be included on each agenda at the start of TVCA meetings. All members should declare the existence and nature of any interests at this point. Details of the declaration will be recorded in the Board's minutes. If members arrive part way through a meeting they should declare any interest at the start of the relevant item or as soon as it becomes apparent that they have an interest;
 - (ii) TVCA will maintain a register of such declared interests, detailing the nature and extent of such an interest;
 - (iii) Where a conflict of interest occurs, the Board member should withdraw from the meeting room whilst the relevant business is being considered / determined and, must not vote or otherwise improperly influence decisions on that business;
 - (iv) In respect of collective decisions, such as partnership quarterly grant claims or the approval of annual delivery plans, partnership members should consider the issues in respect of the other elements of the schemes and not their own projects or interests. In practice, this means that within the context of an overall scheme decision, members should vet each other's claim or submission.

In the case of Local Authority Board Members they should consider whether they have a personal non-prejudicial or personal/prejudicial interest in any matter, as defined in the TVCA's Code of Conduct. Where a member has a prejudicial interest in a matter they should leave the meeting room and must take no part in the discussion or voting on the business concerned.

If partnership members require further advice on conflicts of interest, they should contact **Linda Edworthy, Director – Strategy & Investment - at Tees Valley Combined Authority Tel: (01642) 527092.**

Advice regarding TVCA's Code of Conduct can be obtained from the **TVCA's Monitoring Officer, David Bond at Stockton Borough Council Tel (01642) 527060.**



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