

AGENDA ITEM 10**REPORT TO THE TEES VALLEY
COMBINED AUTHORITY CABINET****15 MARCH 2019****REPORT OF THE STRATEGY DIRECTOR****TEES VALLEY ASSURANCE FRAMEWORK****SUMMARY**

This report attaches the draft Tees Valley Assurance Framework 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. It replaces the last published Assurance Framework (2016) and takes on board the national guidance published by the Ministry of Housing, Communities and Local Government for National Local Growth Assurance Framework (January 2019) which incorporates many of the recommendations of the national review of Local Enterprise Partnerships.

The Tees Valley Assurance Framework has to be submitted to Government by the end of March 2019 and will unlock the release of funding for 2019/20.

RECOMMENDATIONS

It is recommended that the Combined Authority Cabinet:

- i. Agrees the Assurance Framework for submission to Government.

DETAIL

1. The attached (APPENDIX 1) draft Tees Valley Assurance Framework 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;
 - 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.
 3. The Assurance Framework will be reviewed on an annual basis with any revisions in place for April of the following year. Any agreed changes that require amendments to the Combined Authority Constitution will be agreed at the Combined Authority AGM in May each year. The next annual review of this document will take place in December 2019.
 4. The review will examine whether the assurance processes are operating effectively and identify any areas of improvement. Any changes to legal, funding, or other contextual changes that might require a change of assurance process will be taken into account, along with the impact on any other Combined Authority key strategies, policies or processes.
 5. The Assurance Framework covers all aspects of our processes, practices and engagement, ensuring that we operate in open and transparent ways, with clarity around everyone's roles and with appropriate accountability in place. At the heart of the Assurance Framework is our decision making process.

DECISION MAKING

6. Our decision making process and governance for the Tees Valley Investment Fund as set out in the Tees Valley Ten Year Investment Plan 2019-29 is as follows:

Strategic Economic Planning and Investment Planning

- The Combined Authority **Cabinet** provides the overall strategic direction for economic growth in Tees Valley - ***approves the Strategic Economic Plan and associated thematic strategies and plans;***
- The Combined Authority **Cabinet** sets out the investment priorities for the Tees Valley Investment Fund - ***approves the Tees Valley 10 Year Investment Plan,*** including:
 - thematic allocations and
 1. named prioritised projects (identified in bold italics in the Investment Plan) – to be taken to full business case and due diligence;
 2. named projects / programmes without allocations agreed in the Investment Plan

Decision process for 1. named prioritised projects (identified in bold italics in the Investment Plan) – to be taken to full business case and due diligence

- For these programmes / 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 / 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 are reported to the Combined Authority Cabinet for information and to Overview & Scrutiny (all decisions are subject to the Overview & Scrutiny call in procedures).
- 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
- Business cases and appraisal documentation will be published on the Combined Authority website.
- 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.

Decision process for 2. named programmes / projects without allocations agreed in the Investment Plan

- A Project Initiation Document will be required for programmes and projects that do not have a specific funding allocation identified within the Investment Plan. This will provide a brief description of the project, outputs, funding required and the timescales for delivery and will be prepared by the project sponsor with support from the Combined Authority.
- The Project Initiation Document will be used for Investment Planning purposes to enable more informed financial and output profiling across the initial four years (in line with the Medium Term Financial Plan) to be prepared. Once the Project Initiation Document is in place the Combined Authority will timetable in support for the development of the business case and appraisal and will work with the project sponsor to achieve the project timescales.
- If the project is ready to go straight to business case development and the delivery timescales are such that it is appropriate to do so the Combined Authority and project sponsor can agree to miss out the Project Initiation Document phase and go straight to Business Case development.
- Once the project has progressed to Business Case and the appraisal has been completed the Combined Authority Chief Executive will report to Cabinet with a

- recommendation on the programme / project for Cabinet consideration / decision.
- 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
 - Business cases and appraisal documentation will be published on the Combined Authority website.

Decision process for new programmes / projects not in the Investment Plan

- With a ten year Investment Plan new opportunities or challenges will arise and programmes / 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 by Cabinet for entry to 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. All Expressions of Interest will be reported to the Combined Authority Cabinet with a recommendation on whether or not to accept it into the Investment Plan.
- Those that are accepted into the Investment Plan would then proceed to follow the Project Initiation Document through to Business Case development and be taken to the Combined Authority Cabinet for decision.

Additional Delegations

7. The Chief Executive has delegated authority agreed at July 2017 Cabinet (TVCA 25/17) to authorise expenditure up to £1m in consultation with the Mayor and the relevant portfolio holder;
8. All decisions taken by the Combined Authority Cabinet and those taken under delegated arrangements are published within two working days of being made and the Overview and Scrutiny Committee are sent a copy of all such decisions at the same time and have the ability to call in decisions for review and scrutiny; and
9. If a decision is taken that does not meet the Assurance Framework it will render the decision invalid on the basis of non-compliance.
10. The decision making process is illustrated on page 17 of the draft Assurance Framework and a colour A3 version will be available at the Cabinet meeting for ease of reference.

FINANCIAL IMPLICATIONS

11. The Assurance Framework has to be submitted to and agreed by Government to unlock our Investment Plan funding for 2019/20 and future years.

LEGAL IMPLICATIONS

12. The Combined Authority Constitution will need to be amended to reflect the Assurance Framework and will be brought to the Combined Authority Cabinet at the May meeting.

RISK ASSESSMENT

13. This report is categorised as low risk. Drafts of the Assurance Framework have been shared with our local BEIS / Cities and Local Growth colleagues as it has developed.

CONSULTATION & COMMUNICATION

14. The Tees Valley Management Group, Local Authority Chief Executives and the Local Enterprise Partnership members have been consulted on the draft Assurance Framework during its preparation. Once agreed the final Assurance Framework will be put onto the Tees Valley website and will be available to all partners, potential project sponsors and the public.

Name of Contact Officer: Linda Edworthy

Post Title: Strategy Director

Telephone Number: 01642 527092

Email Address: linda.edworthy@teesvalley-ca.gov.uk