1. Purpose of the Tees Valley Assurance Framework 4
   - Review of the Assurance Framework 4

2. Tees Valley Economic Plan and Investment Plan 2019-29 6
   - Tees Valley Strategic Economic Plan 6
   - Tees Valley Investment Plan 2019-29 6
   - Tees Valley Investment Fund 7

3. Accountability and Transparent Decision Making 9
   - Roles and Responsibilities 9
     o Tees Valley Combined Authority 9
     o Combined Authority Membership 10
     o The Role of the Mayor 10
     o The Role of the Local Authority Leaders 11
     o Tees Valley Local Enterprise Partnership 11
     o Membership of the LEP 12
     o Wider Business and Public Engagement 14
     o Decision Making for the Tees Valley Investment Fund 14
     o Decision Making Flow Chart 18
     o Role of the Tees Valley Management Group 19
     o Thematic Advisory Groups 19
     o Decision Making for the Adult Education Budget 19
     o Statutory Committees 20
     o The Role of the Statutory Officers 21
   - Supporting Policies and Procedures 22
     o Working Arrangements, Meeting Frequency and Transparency 22
     o Publication of Financial Information 23
     o Remuneration and Expenses 23
     o Freedom of Information 24
     o Conflicts of Interest 24
     o Gifts and Hospitality 24
     o Complaints and Whistleblowing 24
     o Diversity Statement 25

4. Robust Decision Making 26
   o Principles 26
   o Prioritisation of the Investment Fund / Programmes and Projects 27
   o Investment Planning 28
   o Process for Developing and Appraising Programmes and Projects 28
   o Separation of Development and Appraisal Functions 28
   o Expressions of Interest / Open Calls 28
   o Project Initiation Documents 29
   o Business Cases 29
   o Relationship with Project Sponsors – Development to Decision 31
   o Ensuring Value for Money 31
   o Value for Money for Transport Schemes 33
   o Project Approval – Funding Agreement 34
## Contents Continued

<table>
<thead>
<tr>
<th>5. Delivery Phase</th>
<th>Page No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>35</td>
</tr>
<tr>
<td>o Release of Funding, Cost Control and Contract Management</td>
<td>35</td>
</tr>
<tr>
<td>o Performance Reporting</td>
<td>35</td>
</tr>
<tr>
<td>o Risk Management</td>
<td>35</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6. Measuring Success – Realising the Benefits</th>
<th>Page No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>37</td>
</tr>
<tr>
<td>o The Importance of Monitoring and Evaluation</td>
<td>37</td>
</tr>
<tr>
<td>o Our Logic Models for Understanding Impact</td>
<td>38</td>
</tr>
<tr>
<td>o Programme and Project Monitoring</td>
<td>39</td>
</tr>
<tr>
<td>o Project Evaluation</td>
<td>40</td>
</tr>
<tr>
<td>o Adult Education Budget Monitoring and Evaluation</td>
<td>40</td>
</tr>
</tbody>
</table>
1. Purpose of the Tees Valley Assurance Framework

1.1 The 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.

1.2 The Assurance Framework sits alongside a number of other Tees Valley Combined Authority documents – most notably the Constitution of the Mayoral Combined Authority, including the Financial Regulations (click here), the Tees Valley Strategic Economic Plan (click here), the Tees Valley Investment Plan 2019-29 (click here) and the Monitoring and Evaluation Framework (click here). This Assurance Framework 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).

1.3 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.

Review of the Assurance Framework

1.4 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 Cabinet. The next annual review of this document will take place in December 2019.

1.5 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. Any changes with significant divergence from the approved local assurance framework will be agreed with MHCLG.

1.6 The remainder of this document is structured around the following sections:

- **Section 2** describes the Tees Valley Strategic Economic Plan, our Ten Year Investment Plan 2019-29 and clarifies the content of Tees Valley Investment Fund and the role of the Assurance Framework;

- **Section 3** describes the accountability and transparent decision making process and practices that we operate and the roles and responsibilities within it;

- **Section 4** describes how we make robust and evidenced decisions;

- **Section 5** explains the processes once programmes and projects are in the delivery phase; and finally

- **Section 6** explains how we will measure the success of our investments, realise the benefits of that investment and feed the evaluation outcomes back into the Investment Planning, and strategy and policy development processes.
2. Tees Valley Strategic Economic Plan and Investment Plan 2019-29

Tees Valley Strategic Economic Plan

2.1 The Tees Valley Strategic Economic Plan (click here) sets out the area’s ambition to drive the transition to a high-value, low-carbon, diversified and inclusive economy and sets an ambition to unlock a net additional 25,000 jobs by 2026. It is essential that all Tees Valley residents can gain the skills and confidence they need and can travel to these job opportunities.

2.2 Our ambition incorporates economic, social and environmental priorities and will allow all partners to work towards a sustainable and socially responsible Tees Valley. Underlying this ambition is a commitment to improving the lifetime opportunities for local people, tackling some of the difficult challenges of social exclusion, providing opportunities across all the Tees Valley including rural areas and disadvantaged communities, thereby ensuring that all citizens are able to share in the benefits of economic growth.

2.3 The Strategic Economic Plan is focused around six growth generating themes and provides the strategic rationale and priorities for interventions and for investment:

1. **Transport**: to improve connectivity within Tees Valley, across the Northern Powerhouse, the UK and the world;

2. **Education, Employment & Skills**: to increase educational attainment, produce the skilled workforce that businesses need and increase lifetime opportunities for our residents;

3. **Business Growth (including enabling infrastructure)**: to diversify the economy, support more business start-ups, develop high growth potential businesses and key growth sectors;

4. **Culture**: to build cultural vibrancy in our communities and change external perceptions of Tees Valley through the arts, cultural and leisure offer whilst creating places that attract and retain businesses and business leaders and make the area more attractive to investors, workers and visitors;

5. **Research, Development, Innovation & Energy**: to introduce new processes and practices which reduce carbon emissions, increase productivity and the availability of high value jobs; and

6. **Place**: to accelerate the supply of good quality homes across the whole housing market, revitalise our town centres and urban cores, bring forward surplus public and blighted brownfield land for development and strengthen our commercial property offer.

2.4 Investments will only be made if they can demonstrate that they will support the delivery of the Strategic Economic Plan and also our more detailed thematic strategies and plans (where they are in place).
Tees Valley Investment Plan 2019-29

2.5 With the creation of the Combined Authority in 2016 and the Mayoral election in May 2017, the Devolution Deal with government in 2015 provides for the transfer of significant powers for employment and skills, transport, and investment together with the first Mayoral Development Corporation outside London. Through the deal the Combined Authority has the power to create an Investment Fund, bringing together funding for devolved powers to be used to deliver a 30-year programme of transformational investment in the region. This includes the control of a new £15m a year funding allocation over 30 years. The initial Tees Valley Combined Authority Investment Plan was agreed in March 2017 and set out the investment priorities for the period to 2021.

2.6 The Combined Authority has been developing its detailed strategies for key areas of activity including:

- Education, Employment and Skills with the publication of Inspiring our Futures (click here)
- Strategic Transport Plan
- Culture Strategy

2.7 The productivity challenges and opportunities will be further detailed in our emerging Local Industrial Strategy to be published by the end of summer 2019. However, with much of this long-term thinking already in place, together with the significant uncertainties for the economy over the next few years, both nationally and locally, it is now critical that we make use of the devolution powers for long term investment planning. Therefore the Investment Plan agreed by Cabinet on 24th January 2019, sets out our investment strategy for the period 2019 – 2029 (click here).

2.8 The ten year Investment Plan (which will be reviewed annually) sets out at a high level the transformational investments that Tees Valley Combined Authority will commit resources to, subject to the detailed consideration and appraisal of project business cases. Some are still project ideas at this stage and might not be feasible, others are further advanced. It is not intended to be an exhaustive list of activity as new opportunities will arise during the period, but it identifies the key activities that we know now could be transformational and will need investment during the Plan period to unlock the opportunities they could bring. Prioritisation (process is detailed at page 26) has been undertaken to ensure that our investment goes into projects that will unlock transformational anchor projects that will have a significant impact on growing the whole Tees Valley economy. The initial priorities within the thematic areas are detailed in the Investment Plan in bold italics.

The Tees Valley Investment Fund

2.9 As part of the devolution deal, the Combined Authority has responsibility for a ‘Single Pot’ of funding, including:

- Gainshare (the devolution deal £15m p.a. for 30 years);
- Local Growth Fund (LGF);
- Transforming Cities Fund (TCF); and
- Adult Education Budget (AEB).

2.10 However, the Combined Authority also has other sources of income, including Enterprise Zone business rates and loan repayments. The long term security of the gainshare funds and other income and the devolution deal powers for the Combined Authority means that the Combined Authority is able to borrow against future funds, to enable us to deliver transformational activity sooner rather than delivering smaller scale and less impactful activities based on a smaller annual allocation.

2.11 The Combined Authority does not distinguish between the different sources of funding for the purpose of Investment Planning, other than recognising that some sources of funding are restricted in what they can be used for. All funds (with the exception of the Adult Education Budget) are within the Tees Valley Investment Plan / Fund i.e. the use of the term Investment Fund (which is used by some to define the gainshare funding) in Tees Valley includes all funding sources and income currently available to the Combined Authority, not just the funds provided through the devolution deal. Whilst the Adult Education Budget is not within the Investment Plan / Fund it is covered within this Assurance Framework.

2.12 The Combined Authority recognises that the monitoring requirements for different sources of funding will differ and needs to meet the requirements of the funding body. The Investment Plan identifies the ten year investment priorities against all Combined Authority sources of income and applies the Assurance Framework consistently across all funds within the Investment Plan. The Assurance Framework clearly identifies the processes for securing funds from the Tees Valley Investment Fund and the requirements placed on delivery partners once their projects have been approved.

2.13 This means that any organisation seeking funding from the Combined Authority does not need to concern itself with the source of the funding and different rules and processes that will apply. These will be identified in the funding agreement with the delivery partner.
3. Accountability and Transparent Decision Making

3.1 Members of the Combined Authority are expected to act in the interests of the Tees Valley area as a whole when making investment decisions. A variety of controls are in place to ensure that decisions are appropriate and free from bias or perception of bias. Further details are provided in the following sections.

Roles and Responsibilities

3.2 The national Assurance Framework guidance requires a joint statement between the Combined Authority and the LEP which sets out their respective roles and responsibilities. This section sets out these roles and responsibilities, explains the relationship between the Combined Authority and the LEP and provides the clarity on accountability for public funding. This section therefore forms the joint statement.

Tees Valley Combined Authority

3.3 The Combined Authority was established to further the sustainable and inclusive growth of the economy of the Tees Valley. As a statutory local authority our governance, decision making and financial arrangements are in line with local authority requirements and standard checks and balances.

3.4 The Combined Authority was established in April 2016 with the Mayoral election held in May 2017. It has been built on a strong history of collaboration between the five Constituent Authorities (Darlington, Hartlepool, Redcar & Cleveland, Stockton on Tees and Middlesbrough) the private sector and other partners.

3.5 This effective joint working between the public and private sector that has been developed over a period of 20+ years, through various partnership models, and more recently through the Local Enterprise Partnership. In establishing the Combined Authority the five constituent local authorities wanted to ensure that this collaboration was embedded within the way the Combined Authority works. It was therefore agreed that the Local Enterprise Partnership would be fully integrated within the Combined Authority. The private sector members of the Local Enterprise Partnership are associate members of the Combined Authority and attend both informal and formal Cabinet meetings. The role of the private sector Local Enterprise Partnership members is detailed further below.

3.6 For the purposes of this document all references to the Combined Authority apply to the Local Enterprise Partnership unless explicitly referred to separately.

3.7 The Combined Authority therefore incorporates the role and responsibilities of the Tees Valley Local Enterprise Partnership and the roles defined in the devolution deal (in particular the Transport Authority, and non-statutory responsibilities such as the administration of the Adult Education Budget).

3.8 The Combined Authority is its own accountable body and provides the accountable body role for the LEP and employs the officers that support it.
Combined Authority Membership

3.9 The Combined Authority membership and status in our Cabinet is as follows:

Mayor (Chair) – voting.

Leaders of the five constituent local authorities:

- Darlington Borough Council – voting
- Hartlepool Borough Council – voting
- Redcar & Cleveland Borough Council – voting
- Stockton on Tees Borough Council – voting
- Middlesbrough Borough Council – voting.

Deputy Mayor – is held by one of the Local Authority Leaders on an agreed annual rotation.

Local Enterprise Partnership Chair – non-voting.

Local Enterprise Partnership other public and private sector members – associate members – non-voting.


The Role of the Mayor

3.10 The Constitution provides for a directly elected Mayor of the Tees Valley, required by government as a precondition for meaningful devolution, and who is the chair of the Combined Authority. The Mayoral arrangements will only gain the confidence of the electorate if they secure support from across our diverse communities, meet the highest standards of democratic accountability and are subject to robust checks and balances. The Constitution therefore provides for the Mayor’s role to be embedded in the Combined Authority’s collective decision-making arrangements.

3.11 The Mayor chairs the Cabinet which is made up of the leaders of the five constituent authorities, who together form the Combined Authority’s decision-making body (voting members of Cabinet).

3.12 The Constitution sets out arrangements to ensure the effective conduct of the Combined Authority’s business in this spirit of collaboration, mutual respect and transparency. All members strive to work on the basis of consensus, taking decisions through agreement. The Constitution requires Strategic Plans and the Investment Plan / Fund decisions to be by consensus agreement. These principles apply irrespective of the statutory basis for the exercise of those powers: whether through the powers and responsibilities of the Mayor, the Combined Authority, or the Local Enterprise Partnership. The powers of the Mayor are to be exercised through collaboration within the Combined Authority’s Cabinet, and in partnership with all relevant stakeholders. The decision making process for the use of all funds within the Tees Valley Investment Fund is described at pages 14 – 16 including the role of the Mayor as the Chair of Cabinet.
3.13 The Mayor’s term of office is initially for three years with the next election in May 2020 and then every four years.

The Role of the Local Authority Leaders

3.14 Leadership of the Combined Authority is driven by the Mayor and the five local authority leaders. The local authority leaders, represent the views of their constituent authorities at the Combined Authority Cabinet whilst putting the needs and opportunities of the Tees Valley at the forefront of all decisions. In addition, they each take a portfolio lead covering the growth themes within the Strategic Economic Plan and the Tees Valley Investment Plan. These portfolio lead roles are reviewed annually and are confirmed at the Combined Authority AGM.

Tees Valley Local Enterprise Partnership

3.15 Tees Valley is a well-established and successful functioning economic area. This was recognised by government in establishing the Mayoral Combined Authority in 2016, covering the same geography as the Local Enterprise Partnership and which has led to the Local Enterprise Partnership being fully integrated within the Combined Authority. There are no dependencies with other Local Enterprise Partnerships. However, Tees Valley actively collaborates with areas beyond its boundaries where there are synergies and added value.

3.16 The Tees Valley Local Enterprise Partnership is the principal forum for collaboration between the public and private sectors, for improving the economy of the Tees Valley. The membership of the Local Enterprise Partnership (set out in more detail below) mirrors the Combined Authority Cabinet. The private sector Local Enterprise Partnership members are responsible for ensuring that Tees Valley strategy and policy development and investment decisions are informed by the views of the business community. The Local Enterprise Partnership leads on engaging with local businesses and understanding the needs of different sectors and markets.

3.17 The other public and private sector members of the Local Enterprise Partnership support the Combined Authority's work by:

- Supporting and offering advice to the Combined Authority on their responsibilities;
- Championing and promoting specific initiatives from the perspective of business;
- Participating in Thematic Working Groups, as appropriate;
- Influencing the development of the Combined Authority’s strategies and policies;
- Representing the Tees Valley nationally and internationally;
- Ensuring a strong business influence over decision-making; and
- Supporting the development and delivery of the Strategic Economic Plan.
3.18 Tees Valley is an active member of the national Local Enterprise Partnership Network and will continue to be so. This includes participation in both Local Enterprise Partnership Chair and officer level meetings.

3.19 Like the local authority leaders, private sector Local Enterprise Partnership members are nominated to a portfolio role which is reviewed annually and confirmed at the Combined Authority AGM.

3.20 In addition to attending the informal and formal Combined Authority Cabinet meetings, the full Local Enterprise Partnership membership meets in advance of the Combined Authority meetings to discuss items that are progressing to the Cabinet and to help shape strategy, policy and delivery, including influencing investment decisions. If considered appropriate the Local Enterprise Partnership Chair can also hold sessions of just the private sector members to discuss any items where it is felt appropriate without public sector members in attendance.

3.21 The other public and private sector members also have portfolio roles linked to their areas of expertise and interest. These are identified on the Combined Authority website.

**Membership of the LEP**

3.22 The Tees Valley Local Enterprise Partnership has been reviewing its membership in response to the national LEP review (Mary Nay, 2017) and government’s response “Strengthened Local Enterprise Partnerships” (July 2018). The current membership (January 2019) comprises 21 members. This includes 14 representatives from the private sector (including the Higher Education and Further Education sectors as defined by government) and 7 representatives from the public sector (the Combined Authority Mayor, 5 Local Authority Leaders and an NHS Trust representative – as a major employer).

3.23 The Combined Authority Constitution sets out the role of the Local Enterprise Partnership within the Combined Authority, the principles of membership and the terms of office. The Mayor and the five local authority leaders are determined by democratic elections and therefore, are outside of the Local Enterprise Partnership’s control. For other public and private sector members of the Local Enterprise Partnership the term of office is a two year period (from appointment) with the option to extend for a further two years.

3.24 “Strengthened Local Enterprise Partnerships” stipulated a maximum membership of 20 members with 2/3rd from the private sector and to aim to have a 50/50 gender balance by 2023. The initial two year term of office for several of the existing members ends in May 2019 at which point we will reduce the membership to 20. In considering the review guidance the Combined Authority agreed (at its meeting in September 2018) that it would aim to have a 50/50 gender balance by 2020. This reflects the Combined Authority’s commitment to diversity (click here) which is not just about the gender balance but ensuring that the Combined Authority is reflective of the local community. The Combined Authority commissioned an Overview and Scrutiny review of equality and diversity within the Combined Authority and its constituent local authorities. As an integrated Local Enterprise Partnership this has included a review of the Local Enterprise Partnership. The Overview and Scrutiny Committee will present its findings and recommendations at the Combined Authority Cabinet in July 2019.
3.25 The end of the two year term for the majority of private sector members in May 2019 provides the opportunity to address the national requirements. Addressing the gender balance has been a concern of the Combined Authority before the national review and positive actions have been put in place to recruit more female members, with three new female members joining in 2018. Changes will be made to the Constitution to reflect the new arrangements. Proposed revisions to the Constitution will be taken to Cabinet for approval. This is in keeping with our established governance arrangements. In accordance with the recommendation in the Local Enterprise Partnership Review, a process for the appointment of a private sector Local Enterprise Partnership Chair has been agreed (click here) and will be incorporated in the Combined Authority Constitution to be agreed at the Annual General Meeting on 28th June 2019. The process has been developed in consultation with businesses, including existing Local Enterprise Partnership members and the wider Business Engagement Forum. It has also drawn on best practice from other areas.

3.26 The members of the Local Enterprise Partnership who have already completed two years will have their tenure extended for a further year at the Combined Authority AGM on 28th June 2019. This will provide the time for the Local Enterprise Partnership to plan its approach to the succession of the existing members who will stand down at the end of the year and will allow time to plan and address the gender gap in female members.

3.27 The appointment of a Deputy Chair for the Local Enterprise Partnership was agreed in 2018 (click here). The Deputy Chair is appointed from the current private sector members. The role of Deputy Chair is held for a standard duration of two years with the option to extend the tenure for a further two years only (this will be dependent on the period of membership that the individual has remaining, as an individual can only act as Deputy Chair if they are a serving member of the LEP). This will also be reflected in the Combined Authority Constitution.

3.28 Public sector members of the Local Enterprise Partnership are confirmed annually at the Combined Authority’s AGM following the local council elections, with the timing of elections varying across the Tees Valley.

3.29 Several private sector members are from the SME community and have expertise and knowledge of our key sectors. These details together with the members’ contact details will be published on the website to enable other businesses to contact the appropriate member for their query or to enable them to raise an issue. A response to ‘How are SMEs represented on the LEP?’ can be found at: (click here). The areas of interest and specialisms will be identified for all Local Enterprise Partnership members and published alongside the members’ biographies on the Combined Authority website. This will include designated SME Champions.

3.30 All appointments for private sector Local Enterprise Partnership members are made through an open, transparent, competitive and non-discriminatory process using application forms and interview to judge experience, suitability and fit. When vacancies become available for private sector Local Enterprise Partnership members, they are advertised on the Combined Authority website. They appear on the job vacancies page and are shown as an open call for business champions to help deliver our economic plans. In addition social media is used to raise awareness of the opportunities, particularly among under-represented groups. A recruitment panel (including the Tees Valley Mayor and Local Enterprise Partnership Chair) assesses applications received and makes a recommendation to the Combined Authority Cabinet for approval of appointments.
3.31 There is an exception to the process for appointing private sector representatives from Higher Education and Further Education. Following the revised Assurance Framework Guidance (January 2019), Higher Education and Further Education will represent the private sector on the Local Enterprise Partnership. Representatives from these areas are put forward by Teesside University (Vice Chancellor) and a representative from the Further Education Colleges operating in Tees Valley. Appointments are confirmed annually at the Combined Authority AGM.

3.32 All Local Enterprise Partnership members (public and private) are expected to conduct themselves in accordance with The 7 principles of public life. This is set out under the Code of Conduct detailed at appendix viii in the Combined Authority Constitution and provided to all new Local Enterprise Partnership members in their induction information (click here). This induction information is reviewed on a regular basis with feedback from new members. In joining the Local Enterprise Partnership they sign up to the Code of Conduct.

Wider Business and Public Engagement

3.33 The Combined Authority and Local Enterprise Partnership recognise that the private sector members cannot represent the views of the 17,230 business in Tees Valley. Therefore a variety of engagement mechanisms are utilised to ensure that the broader business community has the ability to influence strategy and policy development, our investment priorities and to be actively engaged in the delivery of some of our activities, particularly around supporting careers development with schools. This includes a Business Engagement Forum, currently made up of ninety one businesses, who receive regular information from the Combined Authority and are invited to participate in strategy and policy development, such as the development of our emerging Local Industrial Strategy, and shaping delivery methods, and are consulted on plans and strategies.

3.34 Strategy and policy documents are developed through engagement with partners and key stakeholders and are subject to consultation. Each consultation will vary depending on the topic but will meet any statutory requirements. However, drafts are formally considered in public at the Combined Authority Cabinet with papers published in advance of the meeting. Additionally, all consultations are published on the Combined Authority website.

Decision Making for the Tees Valley Investment Fund

3.35 Tees Valley Combined Authority is its own Accountable Body for all funds received by government and is the Accountable Body for the Local Enterprise Partnership. The Chair of the Local Enterprise Partnership is a non-voting member of the Combined Authority Cabinet. Non-voting members of the Cabinet provide advice and guidance during the decision making process.

3.36 The Tees Valley Combined Authority Constitution March 2018 (link) sets out the basis of how decisions will be taken within our Combined Authority, in keeping with principles of democracy and transparency and with effective and efficient decision-making. The Constitution is being reviewed to ensure that it is up to date and takes on board the changes relating to the Local Enterprise Partnership as a result of the national Local Enterprise Partnership review. The revised Constitution will be considered at the Combined Authority Cabinet Annual General Meeting on 28th June 2019.
3.37 In summary 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);
    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** (see page 28).
- 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 (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 for projects or programmes over £5m 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 detailed within the Business Case. This will identify the delegated arrangements for the approval of expenditure on each of the individual elements / 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.
**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 Combined Authority staff in consultation with and agreed with the project sponsor (see page 28).
- 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 for projects or programmes over £5m 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 detailed within the Business Case. This will identify the delegated arrangements for the approval of expenditure on each of the individual elements / projects. This approval process will be agreed as part of the Programme approval.
- For a funding decision to be agreed all voting members of the Cabinet (including the Mayor) must be in agreement.

**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**

- The Chief Executive has delegated authority to authorise expenditure up to £1m in consultation with the Mayor and the relevant portfolio holder;

3.38 Key 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.

3.39 If a decision is taken that does not meet the Assurance Framework it will render the decision invalid on the basis of non-compliance.

3.40 This decision making process and governance arrangements are illustrated in the diagram below.
Role of the Tees Valley Management Group

3.41 The Tees Valley Management Group is made up of members of the Combined Authority’s Senior Leadership Team (Chief Executive and Directors) and the Directors of Economic Growth / Regeneration from the five constituent Local Authorities. The Management Group meets twice a month and has an oversight role of the work of the Combined Authority, in particular the thematic advisory groups and it also constitutes the Place Advisory Group (see below).

3.42 As detailed above the Chief Executive is delegated to approve business cases (for those programmes and projects identified in bold italics in the Investment Plan), in consultation with the Tees Valley Management Group, the S73 Officer and the Monitoring Officer, for programmes and projects, unless they exceed the agreed funding allocation by 10% or more. In this case they will be considered by the Combined Authority Chief Executive, in consultation with the Tees Valley Management Group and a recommendation will be made to the Combined Authority Cabinet by the Chief Executive.

Thematic Advisory Groups

3.43 The Combined Authority utilises Thematic Advisory Groups made up of appropriate stakeholders from across Tees Valley and where appropriate including representation from the broader North East, north or national geographies. These thematic groups reflect the Strategic Economic Plan and Investment Plan growth themes. The membership of these groups are reviewed annually and are agreed at the Combined Authority AGM. These are not statutory or decision making groups and are therefore not detailed in the combined Authority Constitution. These groups ensure that the Combined Authority’s strategies, policies and investment plans are developed with a broad range of local stakeholders and delivery bodies that are involved in the theme, together with other statutory bodies and government officials. These groups support the development of strategies, plans and proposals for delivery which then feed up through the Governance mechanisms towards the Combined Authority Cabinet for approval.

3.44 As detailed in the previous sections both the Cabinet local authority leaders and the private sector members have thematic portfolio leads and are involved in the Advisory Groups. Details of the Advisory Groups, including current membership can be found on the Combined Authority website (click here).

Decision Making for the Adult Education Budget

3.45 Investment decisions on the use of the Adult Education Budget will be made with full consideration to the statutory entitlements:

- English and maths, up to and including level 2, for individuals aged 19 and over, who have not previously attained a GCSE grade A* to C or grade 4, or higher, and/or

- First full qualification at Level 2 for individuals aged 19 to 23, and/or

- First full qualification at level 3 for individuals aged 19 to 23
3.46 The Combined Authority submitted its Strategic Skills Plan to government in May 2018 as part of the readiness conditions requirements set by the Department for Education. Further iterations have been shared with the Department for Education, and the current version is available on our website (click here).

3.47 It is anticipated that further work will be undertaken with key stakeholders to develop this plan and further iterations will also be published. Local and national partners have been fully engaged throughout the development phase for the processes and priorities for the funding award and during the funding award phase. This has included providing regular communications via our website, hosting two strategic events for all local and national providers, and implementing a Steering Group that met regularly during 2017 and 2018. The Steering Group comprised local Further Education and local authority providers, the Education and Skills Funding Agency and the Association of Colleges. In addition the Combined Authority attended meetings of the Tees Valley Independent Training Providers Network to engage with and consult on implementation plans.

3.48 The Combined Authority’s Cabinet will be the final decision making body for funding awards. A grant commissioning process was launched on 1st December 2018 and closed on 1st February 2019. Appraisals were carried out on the submitted delivery plans requesting funding by the Combined Authority appraisal officers and policy officers. A moderation panel of internal senior managers considered recommendations and final recommendations for approval will be submitted to Cabinet in May 2019. The appraisal approach for the Adult Education Budget is consistent with that for the Combined Authority Investment Fund as detailed in section 4.

3.49 During the funding award process a web enabled portal has included the ability for all potential providers to submit questions. These have been developed into a Q&A section on the portal so that the same information is available to all potential providers.

Statutory Committees

3.50 As a Mayoral Combined Authority we are constitutionally required to have the following Committees within our Governance structures:

- **Overview & Scrutiny Committee**: Reviews decisions made, to ensure they meet the needs of the people of the Tees Valley and are made in line with our agreed policies, making recommendations where necessary. It has the power to “call in” and delay the implementation of decisions made by Cabinet. The membership of the Committee comprises fifteen members, three nominated from each of the Constituent Authorities. Members of the Committee appointed reflect, so far as reasonably practicable, the balance of political parties for the time being prevailing among members of the Constituent Authorities collectively.

- **Audit & Governance Committee**: Ensures we are spending public money properly and have the right systems in place to manage our finances correctly and meet our legal and regulatory responsibilities. The Committee also reviews the corporate risk register on a quarterly basis. The membership of the Committee is one member from each Constituent Authority. Members of the Committee appointed reflect, so far as reasonably practicable, the balance of political parties for the time being prevailing among members of the Constituent Authorities collectively.
• **Transport Committee**: Reviews our transport strategy and policy, reviews local transport services and oversees our representation on external transport bodies. The membership of the Committee is the executive members with political responsibility for transport within each Constituent Authority. It is chaired by the Combined Authority Cabinet member for transport.

3.51 The terms of reference and membership of these Committees is detailed in the Combined Authority Constitution.

**The Role of the Statutory Officers**

3.52 The Combined Authority appoints four Statutory Officers who each have a formal role of discharging the duties and obligations on its behalf. The roles are detailed in the Combined Authority Constitution but briefly comprise:

- **Head of Paid Service** – The TVCA Chief Executive fulfils the role of the Head of Paid Service. The Head of Paid Service discharges the functions in relation to the Combined Authority as set out in section 4, Local Government and Housing Act 1989 and act as the principal advisor to the LEP.

- **Section 73 Officer** – The Finance Director fulfils the role of Section 73 Officer in accordance with the Local Government Act 1985 to administer the financial affairs of the Combined Authority and LEP. The Section 73 Officer is responsible for ensuring value for money and providing the final sign off for funding decisions. The Section 73 Officer will provide a letter of assurance to government by 28th February each year regarding the appropriate administration of government funds under the Tees Valley Investment Fund.

- **Monitoring Officer** – The Monitoring Officer fulfils their role in accordance with the Local Government Act 1972 to administer the Legal duties of the Combined Authority and LEP.

- **Scrutiny Officer** – to promote the role of and provide support to the Overview and Scrutiny Committee.

3.53 In addition to these statutory roles the Combined Authority has nominated officers to ensure that we meet our obligations under the Data Protection Act 2018 and information governance. These are:

- **Senior Information Risk Officer (SIRO)** - The SIRO is the officer responsible in the Combined Authority for Information Governance. The SIRO is responsible for the Strategy, acts as an advocate for good practice and is required to provide a statement of assurance as part of the Combined Authority’s Annual Governance Statement.

- **Data Protection Officer** – to provide advice and guidance on the Data Protection Act 2018.

3.54 All six appointments are agreed annually at the Combined Authority AGM.
Supporting Policies and Procedures

Working Arrangements, Meeting Frequency and Transparency

3.55 The Combined Authority is subject to a robust transparency and local engagement regime aligned to that of its constituent Local Authorities. The Combined Authority’s constitution includes a publication scheme, which sets out how agendas, minutes and papers will be made available to the public and when. It also set out any exceptions to the standard scheme.

3.56 The Combined Authority Cabinet:

- is subject to the Transparency Code applied to local authorities;
- will ensure all meetings of the Combined Authority Cabinet and other statutory committees are open to the public and appropriately accessible;
- will make sure all meeting agendas, papers (when not exempt), and minutes are published on the Combined Authority website, within the minimum statutory timescales – an agenda will be published five clear working days before the meeting. Draft minutes will be published within ten clear working days of the meeting taking place and final minutes within ten clear days of approval.
- will make clear the approach to making investment decisions on the Combined Authority website;
- all business cases over £5m are 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;
- will publish (online) all funding decisions, including funding levels;
- will receive regular dedicated updates on Investment Plan performance, which are published as dedicated papers for Combined Authority meetings - details of project progress – with links to the key documents for each project, are made available in an easily accessible / searchable way on the Combined Authority website; and
- as the accountable body for Local Enterprise Partnership funding will hold a record of all relevant documentation relating to this government funding allocated to the area.

3.57 For ease of access the Combined Authority website has a transparency section and a separate meetings section which contain all information on the Combined Authority governance arrangements, agendas and papers and the Combined Authority Cabinet Forward Plan.

3.58 The Combined Authority Cabinet meets every two months but additional meetings are arranged where the need arises. The Combined Authority publishes a Forward Plan on the Combined Authority website, which is a legally-required and published statement of key decisions we plan to take over the next four months. Confirmed items are published 28 days in advance of a decision with indicative items listed for the following three-month period.
3.59 In addition to the Combined Authority Cabinet and informal meetings, the Local Enterprise Partnership meets every month. These monthly Local Enterprise Partnership meetings are not held in public and it enables commercially confidential items to be discussed and for open and frank exchanges of information and views to be expressed that might not otherwise be expressed in an open forum. This forms an important element within the Combined Authority governance arrangements. Minutes of these meetings will be published on the Combined Authority website in line with our publication procedures.

3.60 The Combined Authority believes in transparency and operates on the principle of making as much information publically available as possible. However, very occasionally it may be necessary for specific details of an item on the Forward Plan to remain confidential, for example if they relate to information about particular individuals, ongoing legal proceedings or are commercially sensitive. In this instance, the item must still appear on the Forward Plan, which will state that this item is confidential as it will involve the disclosure of exempt information as defined in the relevant paragraph of part 1 of schedule 12A to the Local Government Act 1972.

3.61 Information regarding activity being undertaken by the Combined Authority is available on the website. This includes the publication of key documents such as the Strategic Economic Plan, the Tees Valley Investment Plan 2019-29, and the Combined Authority Local Assurance Framework, as well as details of a regular programme of events to provide ongoing engagement with public and private partners across the Tees Valley area. Regular news updates on activity underway are also provided through dedicated pages on social media outlets including Linkedin, Twitter and Facebook. Additionally, when investment decisions are taken they are published through the use of press releases and social media.

Publication of Financial Information

3.62 The Combined Authority is subject to the same financial arrangements as a Local Authority and is legally required to publish its annual accounts, external audit letter and annual governance statement by the end of July each year. The required information is considered first by the Audit and Governance Committee, and is then approved formally by the CA Cabinet, prior to publication. The annual governance statement is signed by the Mayor, LEP Chair and the Chief Executive for the Combined Authority. It is also used as part of the Annual Conversation each year, to supplement the information provided and discussed on governance arrangements.

Remuneration and Expenses

3.63 The Combined Authority publishes information on the following on its website (click here):

- Confirmation of the allowance payable to the Mayor (agreed annually by the Cabinet);
- Members’ expenses scheme (agreed annually by Cabinet);
- Confirmation of expenses paid to Members (published annually);
- Salaries of senior officers earning more than £50,000k (published annually);
- The Pay Policy Statement for the CA (agreed annually by Cabinet).
Freedom of Information

3.64 The Combined Authority is subject to the Freedom of Information Act 2005 and the Environmental Impact Regulations 2004. As Accountable Body for the Local Enterprise Partnership the Combined Authority will also fulfil these functions on behalf of the Local Enterprise Partnership. The Combined Authority will hold records and will be the focal point for statutory information requests. Applicants are made aware of their right to access information through the Combined Authority, which will deal with the request in accordance with the relevant legislation (click here). As set out in this section, the Combined Authority aims to publish as much information as possible so that Freedom of Information requests are less necessary.

Conflicts of Interest

3.65 The Combined Authority has a conflict of interest policy, which is available within their Constitution (click here). This policy applies to all members of the Combined Authority (incorporating the Local Enterprise Partnership) and all members of the Combined Authority governance mechanisms, including the Tees Valley Management Group and the Thematic Advisory Groups.

3.66 Each member of the Combined Authority is also required to complete a written declaration of interest for the purposes of their organisations and their individual personal interests covering a broad range of activities / ownership. Individual declarations of interest forms are completed annually following members’ appointment at the Combined Authority AGM. The register of interests (click here) is published on Combined Authority website. However, recognising that these might change during the year and to ensure that individuals are not playing a role in decision making when they are conflicted, declarations of interest are requested at the start of each meeting, and declared and recorded within the minutes. The register of interests are updated, as appropriate, following each Combined Authority meeting.

Gifts and Hospitality

3.67 The Combined Authority has a procedure for the declaration of gifts and hospitality which applies to both members and officers (click here). All offers of gifts and hospitality of £25.00 or more in value, including any offers of sponsorship for training or development, whether or not they are accepted, must be recorded promptly (and by no later than 28 days from the date of the offer) in a register held by the Combined Authority.

Complaints and Whistleblowing

3.68 If it is alleged that the Combined Authority is (a) acting in breach of the law, (b) failing to adhere to its framework, or (c) failing to safeguard public funds, complaints (from stakeholders, members of the public or internal whistleblowers) are to be directed to the Combined Authority’s Monitoring Officer or the Governance Manager. They will address the allegation following the protocols set out in the Combined Authority’s Constitution and detailed policy which is provided on the Combined Authority website. Anonymous reporting is also covered in the policy.
3.69 Where the Combined Authority cannot resolve the issue locally to the complainant’s satisfaction, and the matter relates to the Tees Valley’s Single Pot funding, the issue may be passed to the Ministry of Housing, Communities and Local Government for Communities and Local Government (MHCLG) or other relevant departments, such as the Department for Transport (DfT), as appropriate to the complaint in question. If the complainant is not satisfied with the response they can raise it with the Local Government Ombudsman.

3.70 The above complaints (click here) and whistleblowing (click here) procedures are set out in detail on our website.

Diversity Statement

3.71 As detailed previously the Combined Authority is fully committed to diversity and equality. This commitment is set out in our Diversity Statement (click here).
4. Robust Decision Making

Principles

4.1 This section details the processes and procedures that are in place to ensure we make robust investment decisions. These are in addition to those identified in the Accountability, Openness and Transparency section above. The processes and procedures will:

- Achieve best value in spending public money - recognising that sometimes the best investments offer long-term outcomes - with the expectation that only in exceptional circumstances will proposed investments not offer at least a Benefit Cost Ration above 2 and taking into account significant non-monetised impacts and key uncertainties, and in all cases the benefits exceed the cost of intervention over the projected timeframe. Exceptional circumstances will include where the wider economic benefits are of significant economic importance to the area (for example a transport intervention which has significant benefits in terms of supporting another Strategic Economic Plan priority such as enabling access to an economic development site, educational access or a cultural / tourist venue) and they cannot be adequately reflected in the wider economic benefits BCR;

- Ensure an appropriate separation between project development and project appraisal;

- Appraise projects in a way which is consistent with the Green Book ‘five cases’ model and proportionate to the funding ask in terms of processes required;

- Ensure that the money spent results in delivery of outputs and outcomes in a timely fashion, and in accordance with the conditions placed on each investment, and by actively managing the Investment Fund to respond to changing circumstances (for example, scheme slippage, scheme alteration, cost increases etc.);

- Implement effective evaluation to demonstrate where programmes and projects have achieved their stated aims and using feedback appropriately to refine the priorities and the decision-making process; and

- Ensure that the use of resources is subject to the usual local authority checks and balances as well as normal local government audit accounting and scrutiny requirements.

4.2 The diagram below illustrates the process of investment planning and programme management for the Investment Fund, with the stages for programme and project development through to appraisal, delivery and monitoring and evaluation. Further detail on each stage can be found below.
Prioritisation of the Investment Fund / Programmes and Projects

4.3 The Combined Authority approved the ten year Investment Plan 2019-2029 in January 2019. The Plan outlines the thematic allocations across a £588.2m Investment Fund over the ten year period. These allocations are based on strategic need and opportunity and the outcomes that the area need to be delivered, to achieve our Strategic Economic Plan outcomes through a series of key transformational investment projects and programmes. The allocations were determined using both a bottom-up (project demand / need) and a top-down strategic view.

4.4 The ten year Investment Plan is to be reviewed annually to reflect any changes in the local environment, new opportunities and challenges, together with lessons learnt from monitoring and evaluation of activity and good practice from elsewhere.

4.5 Programme and project prioritisation is based on those schemes which can contribute the most to the growth of the economy, deliver outputs aligned to the SEP objectives and provide good value for money and to do this in a way that is objective, consistent and transparent.

4.6 The process is founded on the principles of HM Government Green Book and prevailing guidance for the type of investment that is to be made. The process for prioritisation was agreed by the Combined Authority Cabinet at an informal meeting during 2018.
Investment Planning

4.7 The Combined Authority Investment Planning Team will work with colleagues in the delivery and monitoring and evaluation team to prepare monthly investment plan performance reports. These will monitor the Plan’s performance at the overall plan level, at the thematic level and will report by exception the highlights (good news and bad news) about programme and project performance.

4.8 This performance information will enable the Combined Authority to ensure that activity is on track and where it isn’t put in place actions to address this. It will identify if programmes / projects are falling out of the Plan (for whatever reason), give consideration to deallocating resources linked to underperformance, and consider new activity to enter the Plan to replace any deallocations.

Process for Developing and Appraising Programmes and Projects

4.9 The decision making framework is set out in the previous sections. This section identifies how programmes and projects are developed and appraised within that decision making framework.

Separation of Development and Appraisal Functions

4.10 The responsibility for supporting programme and project sponsors (including the Combined Authority) to develop their proposals through to the appraisal process is separated within the Combined Authority functions. There are separate teams responsible for supporting programme and project sponsors to develop their proposals whilst a different team is responsible for the appraisal of programmes and projects.

Expressions of Interest / Open Calls

4.11 Expressions of interest are only required for programmes or projects that are not already covered by the Investment Plan. With the exception of the Research, Development and Innovation theme, most of the funding is already allocated to programmes and projects within the Investment Plan. Therefore, it is unlikely that there will be many Expressions of Interest (click here) in the first year of delivery, unless additional funding sources are secured. The Combined Authority might use an Open Call process where appropriate within the Investment Plan and where new funding is secured Expressions of Interest will be invited through an Open Call. An Open Call would be publicised on the Combined Authority website and promoted through the appropriate Advisory Group. The open call documentation will set out the selection criteria and the decision making process and timescales that will be followed. The Combined Authority will not normally provide officer support for the development of Expressions of Interest at this stage. The appraisal of the Expressions of Interest will be coordinated by the Investment Planning team, with inputs from the appropriate policy lead, legal, procurement and financial officers.
4.12 Project Initiation Documents are required for programmes and projects that are named in the Investment Plan but do not have an agreed funding allocation and for those projects that have been accepted into the Investment Plan through the Expression of Interest route. The details in the Expression of Interest document may suffice for the Project Initiation Document but should be reviewed once it has been accepted into the Plan. The template for the Project Initiation Document can be found on our website (click here). Once approved (through the decision process set out earlier) these documents are used to programme the Investment Plan expenditure, outputs and outcomes.

4.13 Both Expressions of Interest and Project Initiation Documents provide a first view of the ‘how, what and when’ the project will deliver against the Strategic Economic Plan and Ten Year Investment Plan 2019-29 outcomes. The Expression of Interest and Project Initiation Document will include:

- Project sponsor;
- Project description including objectives and vision;
- Project outputs and outcomes against the Strategic Economic Plan and Ten Year Investment Plan 2019-29;
- High level timescales;
- High level cost of project; and
- Initial funding required, whether grant or commercial loan, any confirmed or unconfirmed match funding.

Business Cases

4.14 All programmes and projects with approved allocations within the Investment Plan or that have been approved in principle through the Expression of Interest or Project Initiation Document process are required to complete a detailed Business Case.

4.15 The Assurance Framework is designed to ensure that the appraisal and evaluation of programmes and projects is done in a way that is proportional to the relative size of the investment required. This is crucial so that project sponsors are not put off by an overly burdensome and costly application process when applying for a small amount of investment for a low value project.

4.16 Similarly, it is crucial so that large investments are scrutinised and tested appropriately. The Combined Authority’s approach to proportionality is to build some flexibility into its funding application process by setting thresholds to determine the timescales involved and the information required. The thresholds are based on scale of funding and level of risk (assessed by degree of innovation):

- Comprehensive business case (£5m and above or programmes/projects classified as high risk); and
- Proportional business case (Low risk and/or £5m or less).
4.17 The Business Case templates and guidance can be found on our website (click here). This will be in line with the HM Treasury Green Book guidance and will include:

- Strategic case: contribution to Tees Valley strategic objectives and contribution to national policy objectives;
- Economic case: impact on local growth (and for larger schemes the UK level impact, accounting for displacement), plus social, distributional and environmental impacts, assessment of the value the project adds;
- Financial case: cost estimate and sources of funding e.g. identified scheme promoter, private sector and other contributions;
- Commercial case: proven market place for the project, certainty in outcomes, procurement processes and commercial viability; and
- Management Case: demonstrates the project is capable of being delivered successfully, including delivery plans, statutory processes, programme, risk management (with appropriate mitigation plans) and benefit realisation. Depending on the nature of the scheme, the Business Case document will also be required to meet with best practice in the relevant thematic area including any requirements of the appropriate government Department.

4.18 DfT guidance for transport schemes is also available (click here).

4.19 The Business Case is submitted to the Combined Authority, who review the funding source and provide an initial check as to which element of funding within the single pot would be most appropriate. The purpose of this is to provide a check to ensure that the funding requirements of the component elements of the Single Pot are being met, and also to enable the effects and outcomes of the component elements of funding within the Single Pot to be tracked.

4.20 To meet the DfT requirements all business cases for transport schemes that represent functional standalone projects will be published on the TVCA website for 3 months prior to the decision being taken. This will enable external comments and scrutiny of proposals prior to funding decisions being taken and the consideration of the comments received will form part of the business case appraisal process. Funding for the early stage development and feasibility works does not of itself constitute a scheme.

4.21 The Business Case is then appraised with initial reviews by the relevant Policy Lead in the Combined Authority. Appraisal will be proportionate to either the estimated scale of budget and/or the level of innovation/risk associated with the programme and in line with established guidance, where appropriate, as set out by HM Government, including:

- HM Treasury Green Book click here
- MHCLG Appraisal Guide click here
- HM Treasury Magenta Book click here
- Infrastructure UK Route map click here
4.22 Where a conflict of interest exists, full independent due diligence will be sought. Additionally, the Combined Authority will appoint an independent organisation, through appropriate procurement, to undertake external due diligence when required. The independent organisation works directly with the project applicant to undertake due diligence which then follows the decision making process detailed at page 17.

4.23 In cases where the investment is to match central government funding, the assessment and due diligence will be undertaken by the relevant government department. The Combined Authority will in these cases, complete an Assurance Summary which sets out what assurance has taken place and this will be published on the Combined Authority website.

**Relationship with Project Sponsors – Development to Decision**

4.24 The Combined Authority will keep in regular contact with project sponsors throughout the development of Project Initiation Documents, Business Cases and through the appraisal process. A named development officer will be assigned to each programme/project and they will work with the project sponsor and keep in contact with them to gain any further information to feed into the appraisal process. If a Business Case is approved the Project Sponsor will be advised and the recommendations, including the appraisal summary, will be published on the TVCA website.

4.25 If the Business case is not approved the Project Sponsor will receive feedback. The decision made under delegation or through the Cabinet process is final and there is no appeal process. All decisions are subject to the scrutiny process as detailed at page 19.

**Ensuring Value for Money**

4.26 The Combined Authority has developed this Assurance Framework in line with HM Treasury Green and Magenta Book Guidelines, specifically the whole life assessment of value for money across its entire portfolio of investment in line with the ROAMEF life cycle model.

4.27 As applied in the Tees Valley, the ROAMEF model not only stresses the importance of demonstrating the additionality and value for money of specific programmes/projects at key milestones in their own delivery, but also provides a critical means of assessing the complementarity and cumulative impact of the entire suite of support enabled by investment from the Combined Authority.

4.28 The following table demonstrates the application of the ROAMEF model:

---

2 ROAMEF- Rationale, Option Development, Appraisal, Monitoring, Evaluation and Forecasting.
4.29 The key objective of the Assurance Framework is to support the Combined Authority to make judgements about the value for money of potential investments and to accept or reject investments accordingly. However, it is just one of a range of complementary strategic guidance developed by the Combined Authority to inform decision making. The following table, identifies, describes and provides a relevance assessment for all complementary strategic guidance:

<table>
<thead>
<tr>
<th>Document Name</th>
<th>Function</th>
<th>Date Published</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Sets high level targets (jobs and GVA) for the Combined Authority and develops the rationale for intervention across the region (six themes and seven priority sectors)</td>
<td></td>
</tr>
<tr>
<td>Local Industrial Strategy</td>
<td>• With a particular focus on productivity the Local Industrial Strategy articulates how the region and its priority industries will contribute to the successful delivery of the UK Industrial Strategy and the key interventions necessary to enable productivity growth in Tees Valley.</td>
<td>July 2019 (pending)</td>
</tr>
<tr>
<td>Sector Action Plans</td>
<td>• Provides a more granular evidence base and rationale for intervention across the area for the seven priority sectors.</td>
<td>November 2017</td>
</tr>
<tr>
<td>Ten Year Investment Plan 2019-29</td>
<td>• Sets output targets both in terms of spend and impact for the six themes in the SEP.</td>
<td>January 2019</td>
</tr>
</tbody>
</table>
| Thematic Strategies and Action Plans                             | • Including Inspiring our Futures (Education, Employment and Skills)  
|                                                                   | • Strategic Transport Plan  
|                                                                   | • Culture Strategy                                                      | 2018 Pending            |
### Draft Monitoring and Evaluation Plan

- Provides for each theme a capital and revenue logic model including key market failures to be addressed, and a range of indicative activities, outputs, outcomes and impacts, tied back to the achievement of the key performance indicators specified in the SEP.

### Economic Assessment

- Provides the evidence base for the Local Industrial Strategy and the baseline information for all outputs and outcomes identified in the thematic logic models detailed in the draft monitoring and evaluation plan.

**February 2019 (updated annually)**

**March 2019 (updated annually)**

4.30 This documentation is used as supporting evidence in the development of the Expressions of Interest, Project Initiation Documents, and the Business Cases. The Assurance Framework specifically assesses value for money using the following three criteria: Economy (i.e. minimisation of resource usage or “spending less”); Efficiency (i.e. the relative level of outputs and the resources used to produce them, or “spending well”); and, Effectiveness (i.e. the relationship between the intended and actual results of public spending, or “spending wisely”).

4.31 As detailed earlier the Section 73 Officer has specific responsibility for ensuring value for money in all funding decisions.

### Value for Money for Transport Schemes

4.32 For transport infrastructure schemes, the Department for Transport requirements ([click here](#)) will be met. This includes the use of WebTAG ([click here](#)) which will be applied proportionately, based on the cost of the scheme and the scale of the impacts. To facilitate this, an Appraisal Scoping Report will be developed, comprising:

- Level of analytical detail to be applied to approve a scheme against overarching government transport objectives (proportional to the scheme’s impact) and the rationale for this;
- Modelling tools to be applied;
- Alternative interventions to be considered;
- Timescales for business case development;
- Transport requirements, including;
  - Use of WebTAG for all transport schemes will be applied to appraisal and scrutiny (but with a proportionate approach to low cost schemes) by scheme promoters in business case development and by the organisation appointed to undertake independent due diligence is mandatory;
  - Use of NTEM (Department for Transport’s planning dataset) as the basis for core forecast in scheme appraisal / due diligence;
  - Production of a value for money statement at each approval stage (which is undertaken by an independent organisation), which will be in line with Department for Transport requirements and is signed off by the
Combined Authority Chief Executive and the Section 73 officer (In the instance that this presents conflict of interest concerns, another senior officer, either from a constituent authority or a separate part of the Combined Authority, will sign off value for money statements);

- Transport schemes will represent a Benefit Cost Ratio above 2 and accounting for significant no-monetised impacts and uncertainties (as defined by Department for Transport guidance), and this will be ensured through business case development and due diligence processes. Only in exceptional circumstances will projects not meeting this Benefit Cost Ratio be approved (see para 4.1); and,

- All transport schemes (over £5m) will have the economic case assessed at each approval stage.

**Project Approval – Funding Agreement**

4.33 Following approval of a Business Case it may be necessary to complete a range of statutory processes to ensure the project is actually ready to start. For example, planning permission, a Compulsory Purchase Order, or it may be necessary to satisfy a number of conditions agreed as part of the Business Case. Where this is the case, full approval to enter into a funding approval will be carried out as a separate stage. Due diligence of such processes / conditions will then be carried out by the Investment Planning Team as required prior to the Combined Authority issuing a Funding Agreement letter (formal legal contract).

4.34 Funding agreement letters set out the monitoring, claims, branding (to meet the government branding for each element of funding within the Tees Valley Investment Fund) and evaluation requirements. Funding agreements also set out the clawback arrangements in the event of underperformance.
5. Delivery Phase

Release of Funding, Cost Control and Contract Management

5.1 Once a formal funding agreement is in place the programme / project enters the delivery phase. Funding to project sponsors will be capped and any overspend beyond the approved amount needs to be met by the project sponsor.

5.2 The Combined Authority's Section 73 officer must certify that funding can be released under the appropriate conditions. Each funding claim is crosschecked against the approved project baseline information as part of the monthly reporting processes combined to quarterly claims. Payments will be released quarterly in arrears unless otherwise agreed.

5.3 A mechanism for 'claw-back' provision is in place to ensure funding is only to be spent on the specified scheme and linked to delivery of outputs and outcomes. Payment milestones are agreed between the project sponsor and the Combined Authority based upon the complexity, cost and timescales of the scheme. This forms part of the programme management role of the Combined Authority, which is subject to external audit.

Performance Reporting

5.4 In line with reporting guidelines specified in the Monitoring and Evaluation Framework, Benefit Realisation Plans are prepared for all programmes and projects at the Business Case stage, detailing the mechanism, responsible officer and reporting frequency for all attributable outputs and outcomes. All programmes and projects are monitored (see page 36) and monthly Investment Fund performance reports are considered by the Combined Authority Chief Executive with the Tees Valley Management Group, the Local Enterprise Partnership (monthly) and at each Combined Authority Cabinet. These performance reports detail the performance against spend and outputs / outcomes at the Investment Fund level, the thematic level and reporting by exception on projects (highlights including goods news and bad news) and consideration of the risk register for the Investment Fund. Any variation to the funding agreement needs to be agreed by the Combined Authority.

Risk Management

5.5 The Combined Authority has a comprehensive issue and risk management approach, with risk identification, mitigation, escalation and reporting templates written into its Business Case Development Guidance. This has been developed in accordance with Government Green Book guidance and other project management guidance.

5.6 It is important that the level of risk taken on any project and programme is understood from an early stage alongside the associated cost implications. Through our robust approach to risk, the Combined Authority will reduce the need to de-scope schemes from the Investment Plan because of cost overruns. Project sponsors are required to include risk / contingency as part of funding requests, which should reduce as a proportion as the project case is developed.
5.7 Throughout the Investment Fund management lifecycle risk will be managed in accordance with the three-stage process illustrated below. A key element of our approach is that all parties have a responsibility to contribute to the management of risk.

5.8 The corporate risk register (click here) which incorporates the risks associated with the Investment Fund is reviewed monthly by the Combined Authority Senior Leadership Team and is considered by the Audit and Governance Committee quarterly.

5.9 Senior Officers of the Combined Authority (Chief Executive and Finance Director) are responsible for the identification and management of risk. As well as the Corporate Risk register a high-level risk register is maintained for the Investment Plan. The Investment Plan 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.

5.10 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 the Combined Authority during the financial claims process and is also reported in the wider programme update.
6. Measuring Success – Realising the Benefits

The Importance of Monitoring and Evaluation

6.1 The Combined Authority is committed to implementing effective monitoring and evaluation so that it is able to:

- **Provide local accountability to the public, partners and local stakeholders** by demonstrating: how devolved funding is spent, ensuring value for money and that all benefits are identified, tracked and achieved in line with the Refreshed Strategic Economic Plan: the Industrial Strategy for the Tees Valley;

- **Comply with external scrutiny requirements** i.e. to satisfy conditions of the Devolution Deal. Specifically the monitoring and evaluation framework will provide a useful feedback loop and enable this to be communicated to relevant stakeholders;

- **Providing not only a summative, but a formative function. Summative Function:** Identify the impact of the project to date against the outcomes identified in the preliminary logic model and benchmarked to other comparable programmes: and

- **Formative Function:** Review the continuing need/ fitness of purpose of key interventions piloted under the programme and develop recommendations for future delivery; and

- **Develop an evidence base for input into future business cases.** The monitoring and evaluation framework will collate, benchmark and analyse data which can be utilised for future work.

6.2 Our Monitoring and Evaluation Framework ([click here](#)) was initially prepared in relation to the Combined Authority’s devolution deal monitoring and evaluation requirements. However, the approach set out in the Framework will be utilised for all sources of funding within the Tees Valley Investment Plan, accepting that some government departments will have slightly different requirements which will be met. The Framework builds on the National Evaluation Framework for devolution funds, prepared by SQW and agreed with devolution areas and government.

6.3 The Combined Authority’s approach is based on the following principles:

- **Focus upon conducting meaningful evaluation to better inform the selection of future intervention, the allocation of funds and the prioritisation of schemes and measures.** We will use the national evaluation panel to provide a meta-evaluation of the combined interventions within the plan;

- **Data is collected once and used many times.** We advocate the use of open data techniques to develop innovative solutions, whilst at the same time ensuring the privacy of those it relates to;
• Automation will be exploited, wherever possible to reduce resource burden e.g. using our smart region/open data approach to source up to date information, which reflects demand within the Tees Valley;

• Lessons learnt and data generated in evaluation will also be used to inform future policy development and provide the evidence base for future interventions;

• Reporting requirements and associated evaluation will be proportional to investment impact and in line with current guidance;

• As appropriate, a baseline will be set for each metric at the development of the intervention logic model;

• Ex-post data collection will take place at appropriate intervals depending on the type of outcome/impact expected and the time for stabilisation of behaviours or benefits lag associated with each outcome or impact; Lessons learnt and data generated in evaluation will also be used to inform future policy development and provide the evidence base for future interventions;

• Interim findings should be available at least 12-18 months after completion, depending on whether seasonality needs to be allowed for;

• Useable by and/or comparable to, data collected by other stakeholders so it contributes to the wider evidence base;

• Credible, valid and reliable to the extent possible within available resources;

• Ethical e.g. in relation to data consent and protection;

• Economic impacts should be reportable three to five years after completion of any policy interventions and/or projects aimed at delivering new jobs and increased productivity;

• All projects will be subject to monitoring and evaluation, regardless of funding source;

• All projects must have a signed off logic model, the outputs and outcomes of which must be recorded on the Combined Authority’s management information system and for our business database for company specific outputs

Our Logic Models for Understanding Impact

6.4 The logic models in the Tees Valley Framework builds on those in the national framework and supplements it with the local framework for areas of activity, such as culture and place that were not covered by the national framework. The logic models have been completed on a thematic basis (reflecting the six themes of the Tees Valley Strategic Economic Plan) and respective Thematic Heads review annually, content, clarity of definitions and supporting baseline evidence base (produced in the Annual Economic Assessment Document) with the Economist, Investment Manager and wider Thematic Working Group.
Programme and Project Monitoring

6.5 Funding agreement letters set out the programme or project spend and output profile together with the monitoring arrangements (financial, benefits and risk), including a clear timeline for the delivery of the following monitoring activities:

- Project Delivery Meetings: A designated Claims and Monitoring Officer will visit the project to undertake the Project Delivery Visit, shortly after the Funding Agreement has been signed off and before the first claim is issued. The purpose of the visit is to go through all the requirements detailed in the Funding Agreement and support the project lead to ensure they have the necessary systems and procedures in place to submit claims and manage the project appropriately. The Claims and Monitoring Officer will complete a Project Delivery Visit Checklist and Action Plan, a copy of which is sent to the applicant for sign off following the visit;

- Monitoring Visit: A 6-month monitoring visit will be undertaken with all project sponsors. Further visits can be carried out at any point during the delivery and will be dependent on project performance, risk etc. Therefore, some projects may need to receive more than one monitoring visit throughout the lifetime of the project;

- Financial Completion Audit: Will be undertaken once the project has achieved full spend. This will involve verifying evidence of spend/defrayal and any outputs achieved to date, along with checking that procurement processes have been adhered to, milestones achieved, and evidence is maintained (if applicable) to satisfy approval conditions;

- Practical Completion Audit: A follow up practical completion audit will be required if the project had outstanding outputs to be claimed/achieved following the financial completion audit; and

- Marketing and Promotional Activity: A marketing and publicity plan is developed as part of the Business Case and articulates all proposed marketing and promotional activity in support of delivery and will be monitored throughout the period. Project sponsors will be required to inform the Combined Authority of the planned publicity of the completion of any key milestones two weeks prior to publication. All social media and publicity around the project will need to acknowledge the role and support of all key funders including the required government branding, the Combined Authority and the Mayor and be accessible to all target groups.

- Any changes or variances to the spend profiles or key milestones will need to be reported by the project sponsor and approved by the Combined Authority. On approval a variation letter to the Funding Agreement will be issued.
Project Evaluation

6.6 The benefits realisation plan, agreed between the Combined Authority and the project sponsor, clearly defines those outputs which may be captured through routine monitoring. The plan goes on to specify the remit, timing and funding for any independent evaluation, usually to capture wider impacts for summative evaluation purposes and also to inform subsequent policy design/implementation through formative evaluation.

6.7 Evaluations of all programmes and projects will be reported to the Combined Authority Cabinet as part of the Investment Fund performance reporting and will be published on the Combined Authority website.

Adult Education Budget Monitoring and Evaluation

6.8 The Adult Education Budget reporting will be included within the Combined Authority monitoring and evaluation submissions as required under the devolution agreement. The Combined Authority has already submitted our policies for adult education as part of the readiness conditions and they were published as part of the commissioning process. They will continue to be updated and will be published more broadly during the academic year 2019/20.

6.9 The Combined Authority's Monitoring and Evaluation Framework will be used for the Adult Education Budget activity including the use of logic models. The first formal annual evaluation will be undertaken after year 1 i.e. academic year 2019/20 delivery and completed by December 2020. It will meet the national requirements as set out in the National Assurance Framework, together with locally determined requirements so that it can be used to inform and shape the criteria for future funding awards.