CAMBRIDGESHIRE & PETERBOROUGH
COMBINED AUTHORITY

Audit and Governance Committee

Agenda Item **7**

08 September 2023

Title:	Single Assurance Framework
Report of:	Jodie Townsend, Governance Improvement Lead
Lead Member:	Councillor Edna Murphy, Lead Member for Governance
Public Report:	Yes
Key Decision:	No
Voting Arrangements:	By majority

Recommendations:	
A	The Audit & Governance Committee is asked to consider the Draft SAF document at Appendix A, provide comment on its content and endorsement before it moves forward for consideration at the Combined Authority Board
B	The Audit & Governance Committee is asked to consider the developing Draft terms of reference for the Investment Committee and the Investment Panel, attached at Appendix B and C, and provide feedback

Strategic Objective(s):	
The proposals within this report fit under the following strategic objective(s):	
X	Achieving ambitious skills and employment opportunities
X	Achieving good growth
X	Increased connectivity
X	Enabling resilient communities
X	Achieving Best Value and High Performance
The Combined Authority has a responsibility to ensure that it provides appropriate stewardship of public funds, that it drives improvements and standards within its initiation, development and approval of programmes and projects, and that it ensures the golden thread is central within the development of high quality business cases to increase the ability of those programmes and projects to realise the benefits that they seek to deliver.	
The Single Assurance Framework is designed to do all of the above and drive delivery of each of the Corporate Plan priority areas in doing so.	

This report is intended to be considered alongside the DRAFT Single Assurance Framework at Appendix A. The report has been drafted however to assist Members in considering the SAF without necessarily reading the DRAFT document at Appendix A given the size of the document.

1. Purpose

1.1	The primary purpose of this report is to prevent the DRAFT Single Assurance Framework (SAF) document to the Audit & Governance Committee for it to consider. It is standard practice for Assurance Frameworks to be considered by a Combined Authority's Audit Committee for endorsement prior to it being presented for approval to its Board.
1.2	The Committee is asked to consider the DRAFT Single Assurance Framework (SAF) and to: ☐ Put questions to Officers on its content ☐ Provide feedback on its content to be reported to the Combined Authority Board ☐ Consider endorsing the SAF before it is considered by the Combined Authority Board
1.3	In considering the SAF the Committee is asked to give particular attention to the levels of assurance that the SAF proposes to deliver given that the Board will look to the Committee for guidance as to whether the SAF will deliver the required protections and drive standards of development and decision-making as they relate to Programmes and Projects.
1.4	The terms of reference for this Committee also set out one of its key functions as: *'review and assess the economy, efficiency and effectiveness with which resources have been used in discharging the authority's functions.'*
1.5	This is a referral to best value and value for money (VfM) considerations. The Committee should therefore also consider how the SAF will seek to ensure appropriate VfM considerations are considered within the initiation, development and approval of Programmes and Projects.
1.6	The Committee should also consider if the SAF provides appropriate safeguards to ensure Combined Authority resources are directed onto the development and delivery of Programmes and Projects that will deliver the strategic objectives of the organisation.
1.7	The Committee is also requested to provide feedback on the DRAFT terms of reference for the proposed Investment Committee (Member Committee) and supporting Investment Panel (Technical Officer Panel).
1.8	The Investment Committee and Investment Panel are proposed key components in the application of the Single Assurance Framework.

2. Single Assurance Framework

What is the Single Assurance Framework?

2.1	To provide Board with feedback it is important that the Committee understands the purpose of the SAF. The SAF is a set of systems, processes and protocols designed to provide the Combined Authority with a consistent approach for appraisal, assurance, risk management and performance throughout the lifecycle of projects and programmes. The SAF sets out key processes for ensuring accountability, probity, transparency and legal compliance and for ensuring value for money is achieved across its investments.
2.2	The SAF seeks to set out the framework and processes the Combined Authority will utilise to provide confidence to itself, to Government, to stakeholders and to partners that it has robust systems in place to best enable its projects and programmes to realise the benefits they seek to deliver.
2.3	The SAF will set out in simplest terms the following: ☐ how an idea is turned into a project ☐ how a project is developed through business cases ☐ how the business case will provide assurance to the Combined Authority ☐ how business cases are approved ☐ how assurance is provided throughout the full lifecycle of a project
2.4	The SAF will apply to the lifecycle of all Programmes and Projects that place a financial liability on the Combined Authority.

Why do we need an Assurance Framework?	
2.5	It is a requirement for the Combined Authority to have an Assurance Framework. The existing Assurance Framework meets the requirements set out by the National Local Growth guidelines, these guidelines set out Government's requirement for Mayoral Combined Authorities to develop their own Local Assurance Framework and to ensure they are reviewed and updated annually.
2.6	The National Local Growth guidelines have now been replaced by the English Devolution Accountability Framework, often referred to as EDAF. EDAF is part of the broader Local Government Accountability Framework and now sets the standard for approval of Assurance Frameworks by Government.
2.7	The Combined Authority needs an Assurance Framework to set out how it meets best value requirements by ensuring that it spends public money in the most effective and efficient way, meeting its Aims and Objectives.
2.8	How the Combined Authority approaches monitoring and evaluation is also a government requirement as well as being necessary at a strategic level to help inform the political stages of the decision-making process. Monitoring and Evaluation arrangements are referred to in the Assurance Framework.
Why have we developed a new Assurance Framework?	
2.9	The Independent Governance Review undertaken in 2022 identified the Assurance Framework and associated process, standards and ways of working as a key area that required improvement. The perspective provided by Constituent Authorities and partners to the Governance Review was that the current approach lacked consistency, HMT Green Book alignment and did not sufficiently drive and ensure that projects developed had a clear golden thread between their outcomes and the CPCA strategic objectives.
2.10	The Assessment of the Combined Authority by the Interim Chief Executive in October 2022 supported the Governance Review views and led to the initial improvement plan, Board agreed that once initial improvements had been made to the Governance Framework then a new Assurance Framework should be developed.
2.11	Phase 2 of the Improvement Plan sets out a clear objective to develop a new Single Assurance Framework that reflects agreed organisational values, drives standards and future proofs the organisation.
2.12	Regular reporting on the development of the SAF have come to this Committee through the Improvement Framework report, these considerations have previously covered the reasoning behind developing the SAF and the approach to be taken to its development.
2.13	The development of the SAF is seen as a way of demonstrating to Government that the Combined Authority has responded to concerns raised through the Best Value Notice and wider improvement requirements by ensuring it demonstrates early compliance with EDAF.
2.14	Furthermore the SAF will seek to demonstrate to Government that the Combined Authority has, through partnership working, developed robust processes and procedures to deliver improved consideration of programmes and projects with robust assurance, project appraisal and value for money processes applied consistently and proportionally.
2.15	The SAF aims to demonstrate to Government that it is committed to the delivery of good governance and accountability through the stewardship of public funds, striving to ensure that decision-making is effective, proportionate, open to test and challenge and taken to deliver benefits to the region in alignment with its agreed strategic objectives.
2.16	The Board asked that the SAF also seeks to future proof the Combined Authority, this relates to ensuring that it is able to effectively support devolution aims. The Combined Authority is committed to achieving future devolution for the region that will benefit its residents and regional business. The Combined Authority recognises that in providing areas with more power and funding flexibility it becomes even more essential to strengthen governance and accountability arrangements to ensure that they are used appropriately to support regional and national priorities.

2.17	The SAF, alongside the new approach to governance approved by Board in January, seek to deliver the strengthened governance and accountability arrangements that have become a necessary requirement in devolution discussions.
The English Devolution Accountability Framework	
2.18	The English Devolution Accountability Framework (EDAF) was published by Government in March 2023. The first edition of EDAF sets out how mayoral combined authorities (MCAs) will be scrutinised and held to account by the UK Government, local politicians and business leaders, and by the residents and voters of their area.
2.19	The English Devolution Accountability Framework is structured around the 3 key forms of accountability: ☐ local scrutiny and checks and balances ☐ accountability to the public ☐ accountability to the UK government
2.20	The SAF will seek to contribute to the overall accountability arrangements of the Combined Authority and the 3 key forms of accountability, particularly accountability to government. Having a single approach through the assurance framework aligns with Government objectives to streamline devolved funding, reducing inefficiency and bureaucracy, and giving institutions with devolved powers the flexibility they need to deliver for their local economies.
2.21	EDAF sets out an overall framework for assuring funds from Government to the Combined Authority, this includes assurance for individual funding streams as well as devolution deal funding. Annex A of EDAF sets out the requirements for Assurance Frameworks based around a requirement to outline decision-making processes and demonstrate commitment to transparent and accountable decision making. This includes: ☐ confirming accountable body arrangements ☐ confirming the use of resources are subject to required checks and balances ☐ confirming key roles and responsibilities in decision-making ☐ ensure appropriate arrangements to deliver transparent decision-making
2.22	Assurance Frameworks are required to be cleared by Government before they can be applied, EDAF is the framework that Assurance Frameworks must now be cleared against when be assessed by Government.
2.23	The SAF is significantly different in content to the existing Local Growth Assurance Framework of the Combined Authority and therefore must be submitted to Government for clearance once Board has approved it. This process requires the submission of the SAF to Department for Levelling Up, Housing & Communities (DLUHC) to be assess against EDAF requirements by their Local Growth Assurance Unit.
2.24	This process requires Director level clearance of the SAF by DLUHC and also by the Department for Transport and the Department for Education to ensure compliance regarding transport and skills/ AEB specific requirements.

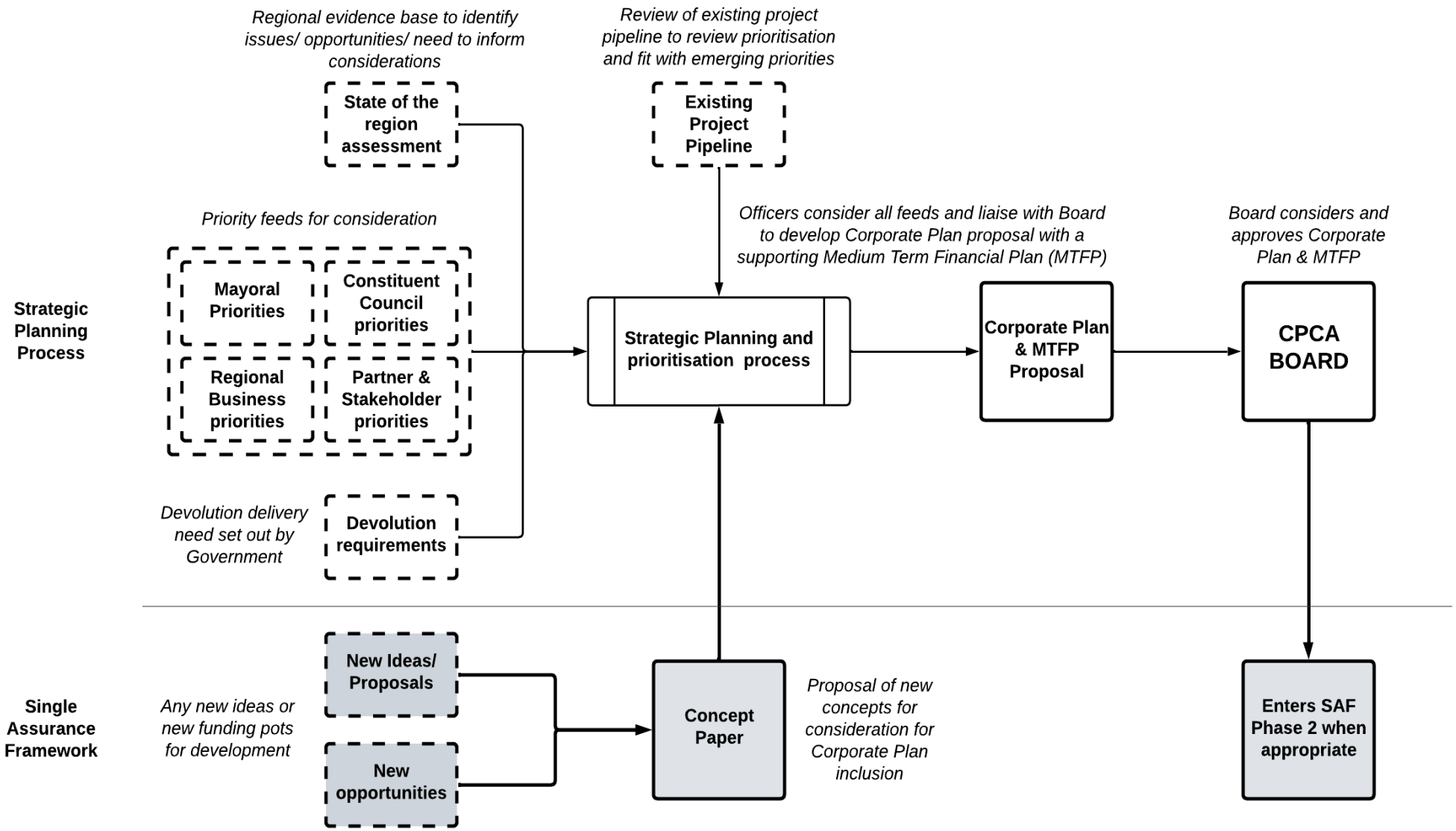
3. Proposal

3.1	The proposal is for Board to approve submission of the Single Assurance Framework to DLUHC for Government clearance at its meeting on the 20 September, with any changes required through the clearance process to be reported to the 29 November Board meeting.
3.2	The proposal is that once cleared the Single Assurance Framework will replace the existing Local Growth Assurance Framework as the Assurance Framework of the Cambridgeshire & Peterborough Combined Authority from an agreed implementation date.
3.3	An Implementation Plan for the SAF will be presented to Board on 29 November for consideration which will include confirmation of the date for implementation of the SAF. It is anticipated that the implementation of the SAF will take place in January 2024.

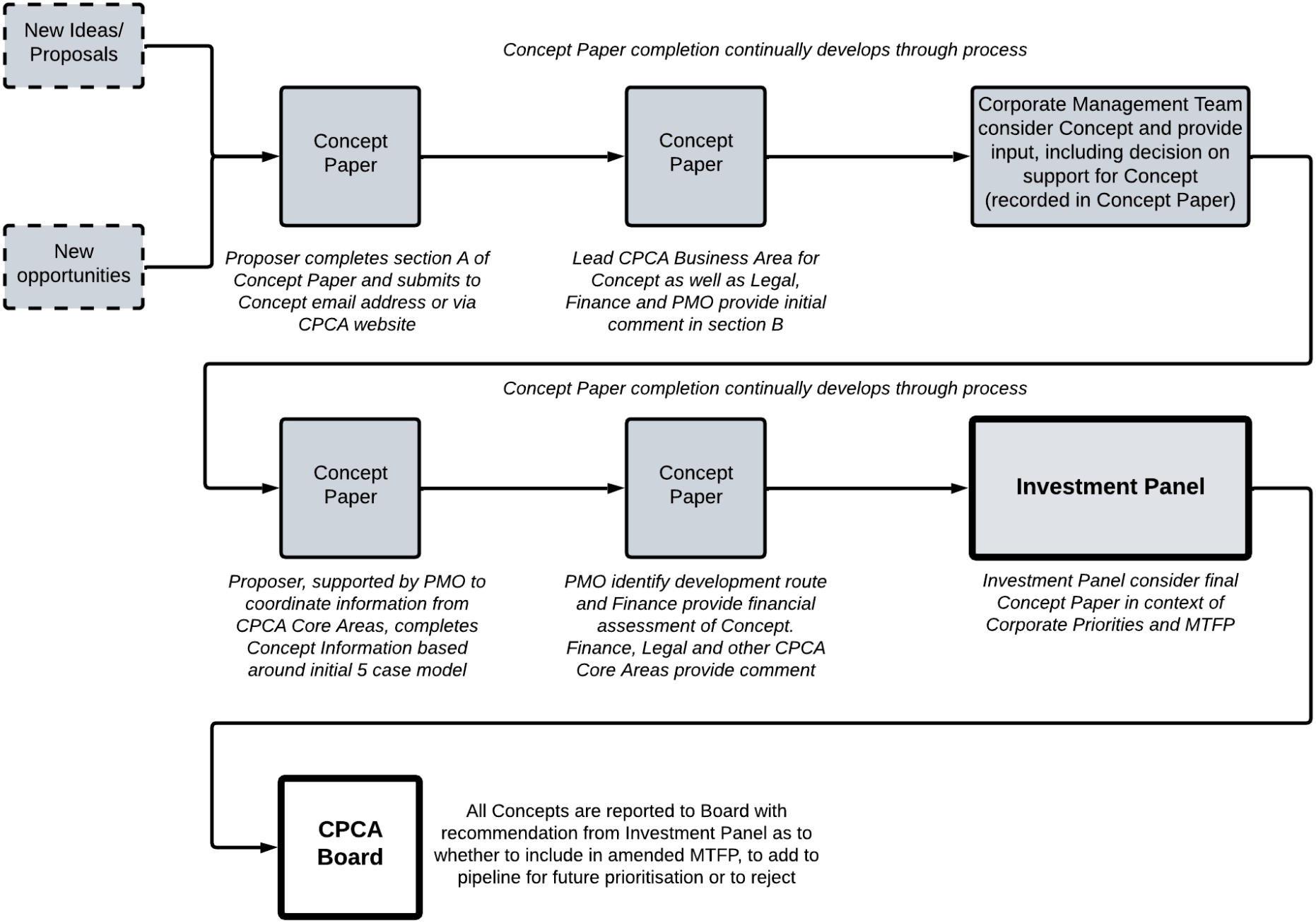
3.4	In line with the purpose set out in section 1 of this report the Audit & Governance Committee is asked to consider the Single Assurance Framework prior to Board to provide comment and endorsement to assist Board consideration.
The Proposed Single Assurance Framework	
3.5	The Single Assurance Framework (SAF) sets out the following: ☐ How the Combined Authority has responded to and complied with the English Devolution Accountability Framework (EDAF) (2023) ☐ Compliance with National Local Growth Assurance Framework requirements (2021) ☐ The respective roles and responsibilities of the Combined Authority Mayor, the Mayoral Combined Authority (MCA) and other elements of the decision-making structure ☐ The key processes for ensuring accountability, probity, transparency, legal compliance, and value for money ☐ How potential investments will be assured, appraised, prioritised, approved and delivered ☐ How the progress and impacts of these investments will be monitored and evaluated
3.6	The SAF contains the following sections: 1. **Introduction** – Purpose of the SAF and initial acknowledgement of EDAF 2. **Cambridgeshire & Peterborough** – Details of the Mayoral Combined Authority 3. **Governance, Accountability and Transparent Decision-Making** – Details the governance arrangements of the CPCA and how CPCA adheres to the overall Local Government Accountability Framework 4. **English Devolution Accountability Framework** – How the SAF adheres to EDAF requirements 5. **Single Assurance Framework Project Lifecycle Process** – The framework to be applied to the lifecycle of programmes and projects 6. **Delivery, Monitoring and Evaluation** – Overview of performance and monitoring requirements 7. **Annex Section** – sets out additional and specific information regarding requirements for Transport Projects, the Adult Education Programme and in reference to the Greater South EAST Net Zero Hub 8. **SAF Appendices** – Overview of SAF Templates
3.7	The key new content within the SAF approach is the SAF phases that are set out in section 5, these are as follows: ☐ **SAF Phase 1 – Concept to Pipeline Approval (Initiation Phase)** ☐ **SAF Phase 2 – Business Case requirements (Development Phase)** ☐ **SAF Phase 3 - Approvals**
3.8	Prior to the these phases, 5.3 of the SAF sets out the entry points to the framework, these are via: ☐ The Corporate Plan; or ☐ In-Year proposals
3.9	**SAF Phase 1** is the first step towards developing a business case. This is where ideas, proposals or ambitions are developed into concepts for consideration. All proposals are required to complete a Concept Paper which must go through Concept consideration before they can progress to the project development phase.
3.10	A Concept Paper is the Combined Authority's specially designed entrance document, it acts as a Project Initiation Document (PID) with continuous developing information as it goes through phase 1 to eventually include specific key information to better enable consideration of that concept and importantly to provide consistency within the process.
3.11	SAF Phase 1 for in-year proposals includes CPCA Corporate Management Team engagement and technical officer engagement and consideration through a new body named the Investment Panel. The Investment Panel consists of key officers including CMT representation who consider Concept papers for in-year proposals in order to determine prioritisation, provide test and challenge, recommend required business case development route and consider concepts for recommendation to Board.

3.12	SAF Phase 1 operates as follows for each entry point:

CORPORATE PLAN ENTRY POINT

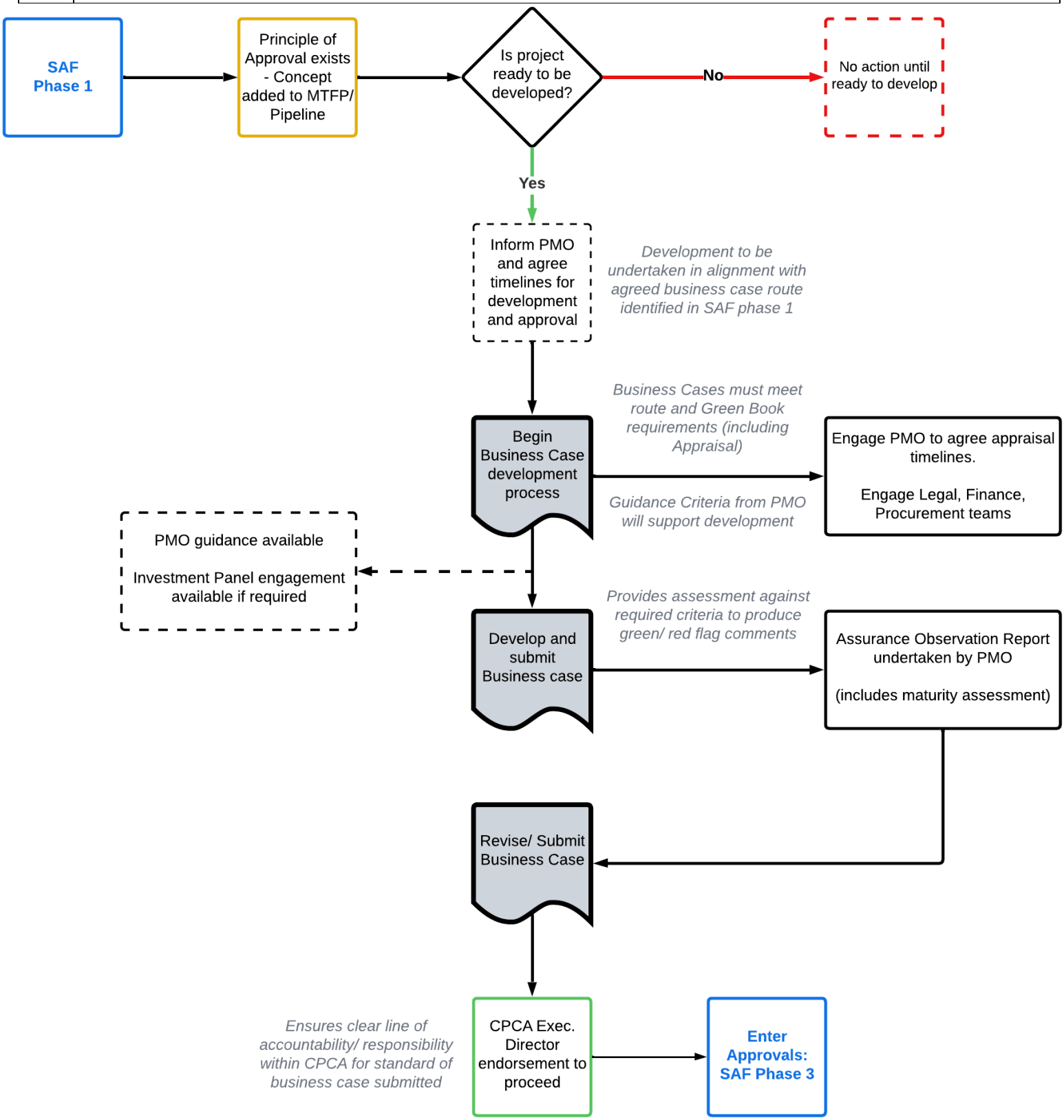


IN YEAR ENTRY POINT



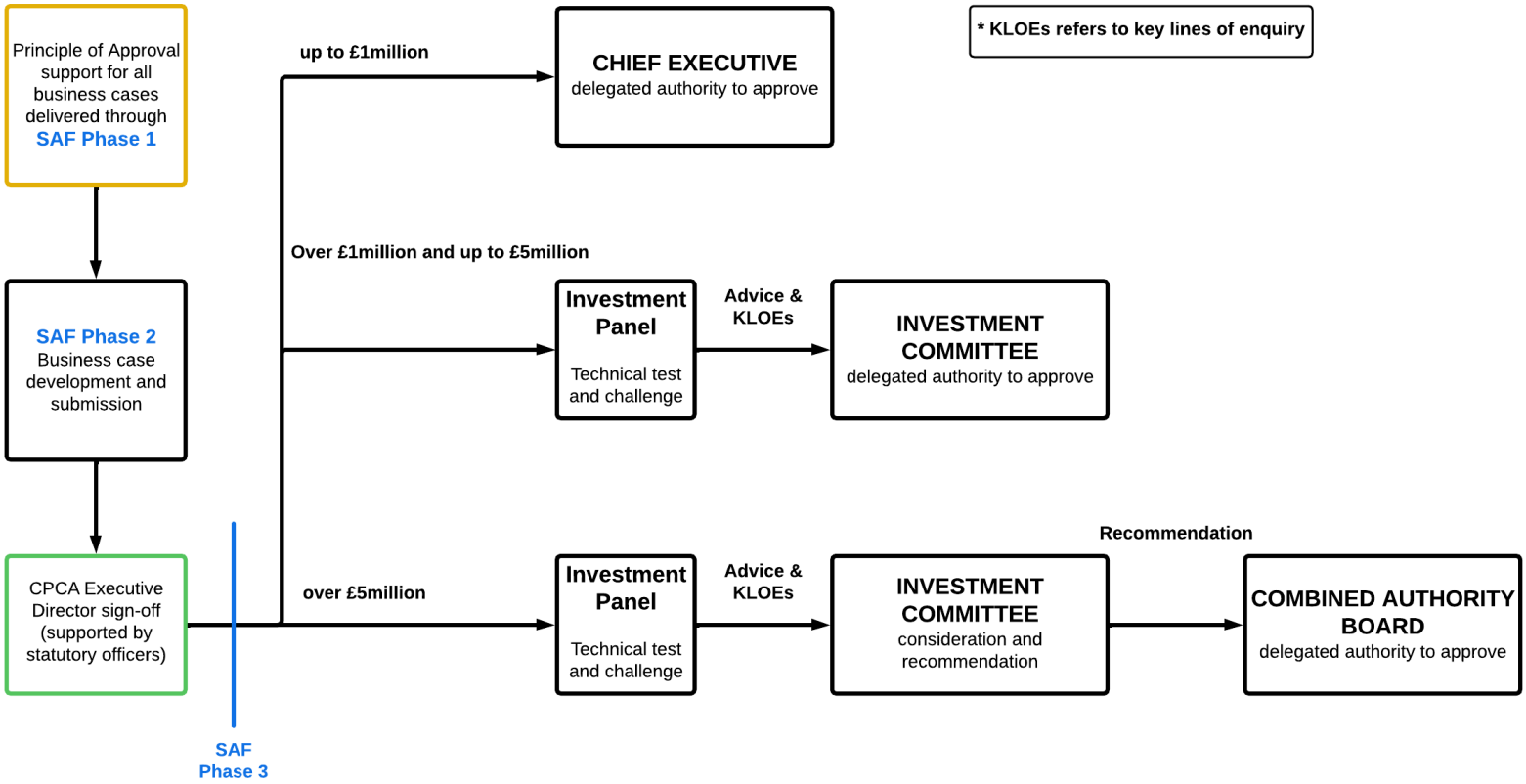
3.13	The DRAFT terms of reference for the Investment Panel are set out in Appendix B, this includes its full proposed role which is larger than its role within SAF Phase 1.
3.14	The intention for in-year proposals is that a quarterly report be presented to the Combined Authority Board from the Investment Panel that details all Concepts received each quarter (with links to each Concept Paper), the paper will include recommendations from the Investment Panel for each Concept that will be either: ☐ Recommend Concept is added to MTFP (can therefore be developed at appropriate time) ☐ Recommend be added to Pipeline (can then be considered for addition to MTFP when funding becomes available and/or becomes a priority and then is developed) ☐ Recommend business case is developed and added to Pipeline (can then be ready for delivery when funding becomes available and/or becomes a priority) ☐ Recommend Concept is rejected
3.15	The SAF Phase 1 operates for both entry points under the **Principle of Approval.** The Principle of Approval requires all projects that progress into the business case development stage to have been approved as a Concept or as a Corporate Plan deliverable before a business case is developed, this ensures that all items on the CPCA pipeline for development have political support from the Board to progress.
3.16	Ensuring delivery of the Principle of Approval was an absolute requirement for the SAF set by the Board.
3.17	**SAF Phase 2** is the development phase. This is the phase where the relevant business case(s) is/are developed, and where out of Business Area assurance activity takes place prior to the business case progressing onto the approvals stage.
3.18	The business case is developed/ managed by the sponsoring Business Area, ensuring that its content, meets the required standard defined within the Combined Authority guidance in addition to meeting the requirements of the SAF, HMTs five case model Green Book compliance and meeting Combined Authority specific requirements on GVA. It also should seek alignment to Policy Aims and Objectives, whilst meeting any funding requirements and/or other milestone dates/requirements.
3.19	For clarity HMTs Green Book sets out requirements regarding content for each business case and how that should be developed in alignment with Combined Authority strategic objectives. The specific criteria detail is not included within the SAF document in order to allow it to apply to revisions by HMT to the Green Book without having to amend the SAF document itself.
3.20	The lead Business Area is responsible for ensuring that they, any partners, or the sponsor meet deadlines, engage the appropriate subject matter experts and technical appraisers and adhere to required formats when developing a business case.
3.22	CPCA templates must be used for business case development to allow the application of standards and proportionality. The business case templates and criteria are designed to ensure necessary compliance, drive standards of project development and better enable delivery. They are important as projects will only deliver intended benefits if they have been developed appropriately, proportionately and to a high standard with appropriate scoping, planning and costs justified from the outset. . These Business Cases will require detailed evidence on the options, designs, delivery and outcomes of the project, along with strategic fit and value for money information to enable informed decision making.
3.23	At the end of the development process the PMO will undertake an Assurance Observations Report that will inform the business case author and relevant CPCA Executive Director on whether the business case is ready for submission to approval.
3.24	The Assurance Observations Report provides a maturity assessment of a business case against HMTs Green Book and CPCA standards, it will also highlight red flags were it believes information is not mature enough or where it believes standards have not been met. It is be produced by SAF experts from within the PMO.
3.25	The business case author will note the Assurance Observation Report and decide if they need to make improvements to the business case to address any red flags or if they wish to submit the business case to the relevant CPCA Executive Director for progression into SAF Phase 3.
3.26	The relevant CPCA Executive Director (identified in SAF Phase 1) is required to approve whether a business case can progress to SAF Phase 3 (approvals) or whether it needs further work, they will consider the Assurance Observations Report as guidance to see if the author ignored red flags or the business case was

	advanced without being sufficiently mature, which would could increase the risk of approving the business case.
3.27	This approach ensures that there is a directly responsible and accountable CPCA member of the Corporate Management Team for each business case that is progressed to SAF Phase 3. SAF Phase 2 operates as follows:



3.28	**SAF Phase 3** is the business case approvals phase, this focuses on approval of the business case that has been developed following the principle of approval provided at the beginning of the process by the Combined Authority Board.
3.29	The required approval route is dependent upon the level of financial approval that is required. The Combined Authority has the following business case approval delegations:

	☐ £1 million and under: Chief Executive approval ☐ Over £1million and up to £5 million: Investment Committee approval ☐ Over £5million: Combined Authority Board approval
3.30	These approval routes are supported by the Investment Panel which is a Technical Officer group who provide technical test and challenge of business case proposals over £1million in value and make recommendations to the Investment Committee and Combined Authority Board.
3.31	The Investment Panel review all business case proposals for approval over £1 million. They do this by: ☐ reviewing a proposal from a basis of HMTs five case model in order to ensure that it has been developed to an appropriate standard, holding the relevant CPCA Executive Director to account ☐ highlight key lines of enquiry to identify the key issues, key questions and key areas of concern within a business case proposal. This will determine what the key lines of enquiry should be for the Investment Committee to consider from a technical perspective ☐ provide observations and recommendations to the Investment Committee on business case approvals. The Investment Panel will draw conclusions on the level of risk that it believes applies to approving a proposal and make observations and recommendations on that level of risk and how it can be improved
3.32	The Investment Committee will take on board the advice provided by the Investment Panel in coming to a decision on approval for business cases between £1 million and £5 million. Business cases over £5 million must be approved by the Combined Authority Board, to support the Board the Investment Committee will consider such approvals first and make a recommendation on approval to the Board.
	SAF Phase 3 will therefore operate as follows:



3.33	The engagement with other MCAs in the development of the SAF highlighted the key role that an Investment Committee/Board can play in the application of the Assurance Framework and in developing specific Member investment skillsets. Officers in particular at West Midlands, North of Tyne and Liverpool City Region Combined Authorities highlighted the benefits having an Investment Committee has had within their own arrangements.
3.34	Engagement with MCAs and with DLUHC also highlighted the positive light in which Government views such arrangements in bringing additional robustness in decision-making and the application of the SAF, as well as the skillset that they can bring to a Combined Authority setting.
3.35	The key functions of the Investment Committee include: ☐ To consider investment proposals and to make appropriate challenges to these proposals ☐ To oversee and monitor investments

- To add conditions to any Funding Decision that falls within its Delegated Authority and to make recommendations for conditions to CPCA Board
- To consider change requests within the delegation of the Investment Committee
- To approve the monitoring and evaluation criteria related to any Funding Decision and to have the ability to delegate oversight of this function where appropriate
- Where oversight of monitoring and evaluation applies to the Investment Committee, to consider whether a formal review of a project or program is required and to consider this review itself (in consultation with the Overview & Scrutiny Committee) or highlight the matter to Overview & Scrutiny Committee for potential project review

3.36 Board had stipulated that the SAF must not deliver additional Committees within the Governance Framework of the combined Authority, to avoid this and to make better use of a specialist Committee approach the existing Shareholder Board is proposed to be expanded into the Investment Committee.

3.37 The DRAFT terms of reference for the Investment Committee and the Investment Panel, with which it will work in close alignment, are attached at Appendices B and C.

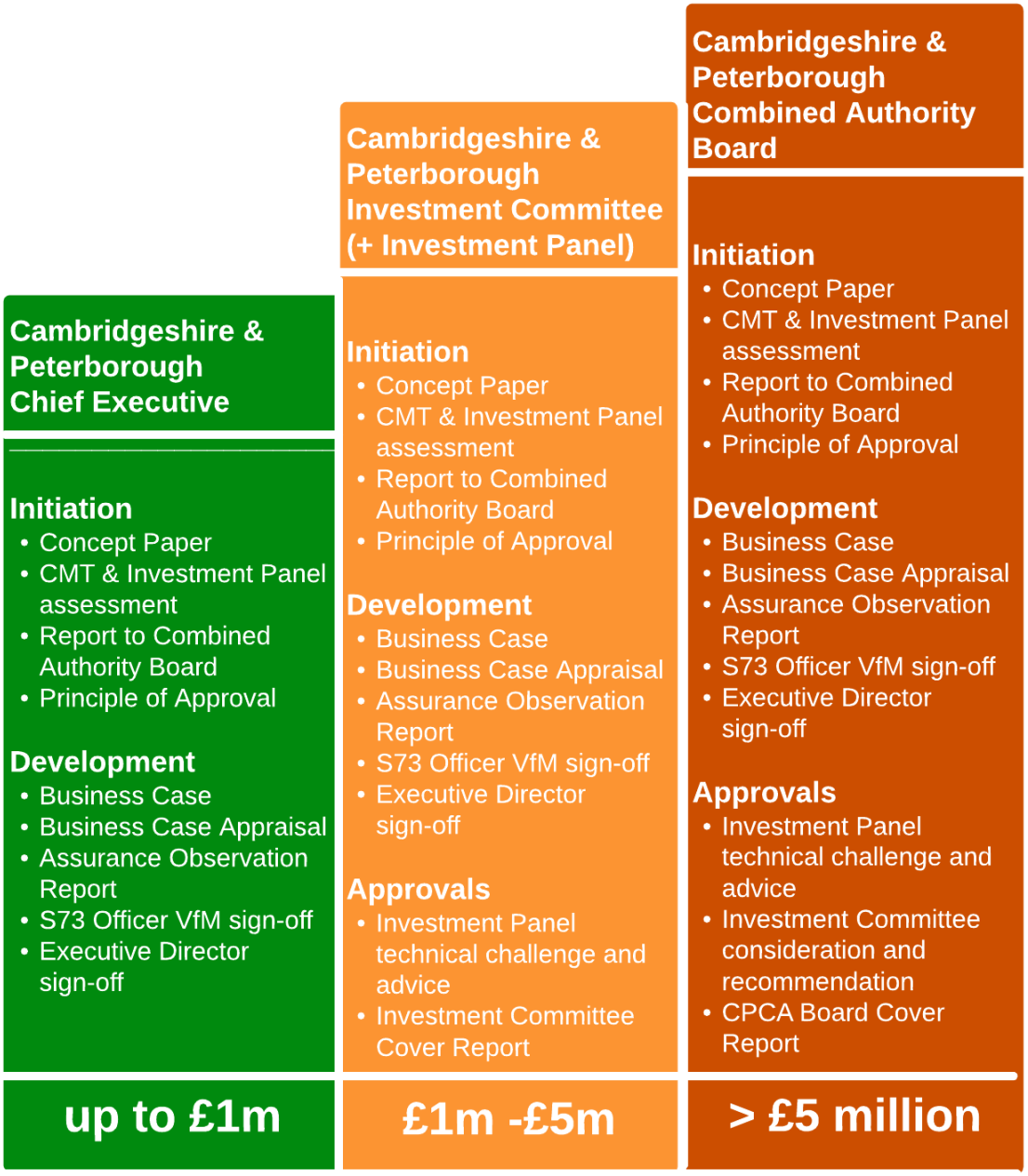
3.38 The statutory officers and Leaders Strategy Meeting were consulted on this proposal during development and gave a positive steer to develop the SAF with an Investment Committee being created by expanding the remit of the Shareholder Board.

3.39 The DRAFT Single Assurance Framework is attached at **Appendix A.**

Delivering Assurance

3.40 The SAF seeks to deliver ever increasing levels of assurance as approval values increase, it does this through the proportionate application and assessment of criteria to set standards in each phase of the SAF process.

3.41 This increasing level of assurance is best demonstrated through the following diagram that sets out the documentation needed to inform decision-making for each approval route:

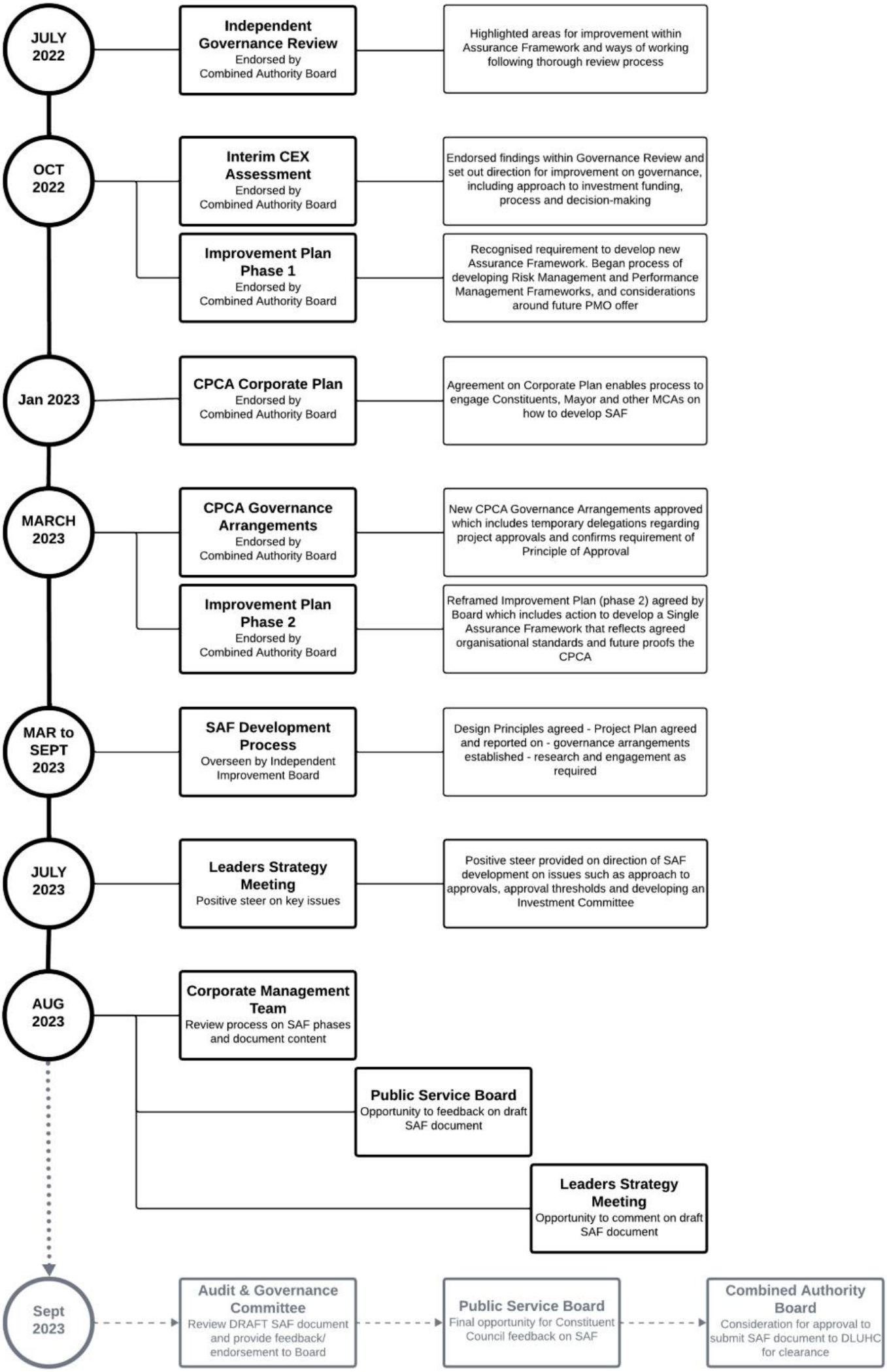


3.42	Driving these levels of documentation, which have criteria and process behind each of them, in support of delivering assurance are: ☐ appropriate front end initiation process through concept development that drives strategic fit ☐ proportionate business case development process that meets national and Combined Authority standards of best practice development (including alignment with HMTs Green Book) ☐ appropriate use of expertise within Business Areas to help develop required business cases ☐ an upskilled PMO offer to provide support and guidance throughout the SAF (this will be set out in more detail to Board in the SAF Implementation Plan that will be considered on 29 November) ☐ use of out of Business Area/second line of defence assurance principles and processes to assess the maturity of business cases and undertake proportionate appraisal ☐ Technical Officer support through an Investment Panel to focus Investment Committee and Board considerations and inform the decision-making process.
3.43	The approvals process in particular, where decision-makers need to be appropriately informed, is supported through delivery of the following elements of assurance prior to entering the approvals phase: ☐ Front end Concept development process that seeks Corporate Management Team support, ensures Combined Authority core area involvement from an early stage, and delivers technical officer assessment via Investment Panel consideration and recommendation on Concept progression. ☐ Delivers a Principle of Approval by ensuring the Combined Authority Board provides an approval for a concept to enter the business case development phase either through inclusion within the Corporate Plan or via approval of in-year concept proposals ☐ Delivers business cases that must be developed in alignment with HMTs Green Book and Combined Authority standards regarding strategic fit that drive value for money considerations and quality of content within business cases ☐ Delivers second line of defence appraisal of business cases in line with HMTs Green Book ☐ Delivers an objective Assurance Observation report from the PMO on all business cases to inform Executive Directors in progressing them to the approvals phase and assuming responsibility for their content
3.44	This approach is designed to enable: ☐ decision-makers at all levels to base their decisions upon objective, evidence-based out of Business Area findings and recommendations which in turn should drive better informed decision-making ☐ increased Executive Director ownership and accountability ☐ increased Statutory Officer involvement and accountability ☐ increased levels of assurance and appraisal support and guidance ☐ approvals based on proportionate financial delegation i.e. a request of £100,000 will not be scrutinised to the same level of a request for £5 million. ☐ the time taken to reach an approval decision being reflective of the level of financial ask.
3.45	Having an Investment Committee within approval arrangements and with a key SAF overview role can add to the levels of assurance by providing the following benefits: ☐ Development of a focused skillset within membership to apply to the consideration of business cases ☐ Creation of a skilled committee that can undertake a wider Member role in considering change requests, providing SAF oversight, providing detailed project delivery oversight and driving Member led monitoring and evaluation ☐ Creation of more direct ways of working with the Technical Officer Group (TOG) who undertake technical assurance of business cases. Where the Thematic Committees approve business cases the TOG will have to report advice to 3 Committees which is a less efficient and effective use of time
3.46	An Investment Committee would take on the approval delegation that was provided to Thematic Committees through the new governance arrangements of the combined Authority, approved by Board in March 2023. This will enable Thematic Committees to focus more on the development and implementation of strategy (approved by the Board) and operational delivery and oversight, rather than approval of business cases.
Delivering Risk Management	
3.47	The development of business cases must in alignment with HJMTs Green Book which sets out arrangements for the assessment of risk and how it is considered.

3.48	In addition the SAF and the new Risk Management Framework of the Combined Authority have been developed in close alignment in order to ensure that there is a consistent, streamlined and joined up approach to risk.
3.49	All Programmes and Projects must adhere to the Risk Management Framework which sets out the Combined Authority approach, governance and process for risk management.
3.50	The Risk Management Framework is based upon the principles within HMTs Orange Book (2020) and includes our Corporate Risk Appetite, Escalation procedure, Roles & responsibilities, The various levels of risk management at a Corporate, Service/Programme and Project level, and our processes and tools within our risk procedure document
Delivering Value for Money	
3.51	Value for Money (VfM) is balanced judgement about finding the best way to use public resources to deliver policy objectives. Comparing the social VfM of alternative options requires use of the Green Book methodology, in particular the five case model, as well as its associated analytical tools.
3.52	The SAF drives the application of HMTs Green Book and appropriate requirements and considerations in relation to Value for Money which includes the application of a Benefit Cost Ratio (BCR). BCR is a metric used by the Treasury to determine whether a scheme provides good value for money, the higher the BCR figure the better the value for money. Treasury advice is to seek a minimum BCR of 2 for a project.
3.53	In order to provide additional assurance regarding value for money the SAF applies a tolerance to all business cases that impacts the approvals route. Any business case that does not present a proposal with a high value for money score via Benefit Cost Ratio (BCR) (or Net Present Public Value - NPPV) will be required to seek business case approval via the Combined Authority Board.
3.54	There may be cases when the best value way of delivering a project to achieve strategic objectives leads to a BCR lower than the Treasury advice of 2 or higher, or which is not as strong as the BCR of alternatives which do not align as well with the Authority's strategic objectives set out in key policies. Treasury Green Book allows projects with a BCR below 2 to be delivered as long as SMART objectives are linked to strategic objectives of the Combined Authority.
3.55	In such cases it must be the Combined Authority Board who make a judgement on whether the achievement of those strategic objectives is worth the cost to the Combined Authority. This also allows the Board to consider projects where there are questions regarding best value assessment which leads to a less than favourable value for money judgement.
3.56	For appraisal to be effective, objectives must be SMART. The SMART objectives in the strategic dimension of the business case directly drive the rest of the process in the application of the Green Book. Only options that deliver these SMART objectives can be considered VfM, therefore VfM is not just about a Benefit Cost Ratio (BCR).
3.57	The application of HMTs Green Book ensures that objectives are set based around guidance and evidence in relation to Specific – Measurable – Achievable – Realistic – Time based principles that will identify those options that perform well against these measures.
3.58	**For full details of content the Committee should refer to the DRAFT Single Assurance Framework document.**

4. Background

The Journey to Audit & Governance Committee	
4.1	The development of the Single Assurance Framework has been significant, the main development phase of the SAF has taken place alongside the development of supporting guidance. This has all been done through a process of significant engagement as requested by the Combined Authority Board.
4.2	The key development/ decision points can be summarised as follows: *Please see next page*


JULY 2022
Independent Governance Review
Endorsed by Combined Authority Board
Highlighted areas for improvement within Assurance Framework and ways of working following thorough review process
OCT 2022
Interim CEX Assessment
Endorsed by Combined Authority Board
Endorsed findings within Governance Review and set out direction for improvement on governance, including approach to investment funding, process and decision-making
Improvement Plan Phase 1
Endorsed by Combined Authority Board
Recognised requirement to develop new Assurance Framework. Began process of developing Risk Management and Performance Management Frameworks, and considerations around future PMO offer
Jan 2023
CPCA Corporate Plan
Endorsed by Combined Authority Board
Agreement on Corporate Plan enables process to engage Constituents, Mayor and other MCAs on how to develop SAF
MARCH 2023
CPCA Governance Arrangements
Endorsed by Combined Authority Board
New CPCA Governance Arrangements approved which includes temporary delegations regarding project approvals and confirms requirement of Principle of Approval
Improvement Plan Phase 2
Endorsed by Combined Authority Board
Reframed Improvement Plan (phase 2) agreed by Board which includes action to develop a Single Assurance Framework that reflects agreed organisational standards and future proofs the CPCA
MAR to SEPT 2023
SAF Development Process
Overseen by Independent Improvement Board
Design Principles agreed - Project Plan agreed and reported on - governance arrangements established - research and engagement as required
JULY 2023
Leaders Strategy Meeting
Positive steer on key issues
Positive steer provided on direction of SAF development on issues such as approach to approvals, approval thresholds and developing an Investment Committee
AUG 2023
Corporate Management Team
Review process on SAF phases and document content
Public Service Board
Opportunity to feedback on draft SAF document
Leaders Strategy Meeting
Opportunity to comment on draft SAF document
Sept 2023
Audit & Governance Committee
Review DRAFT SAF document and provide feedback/ endorsement to Board
Public Service Board
Final opportunity for Constituent Council feedback on SAF
Combined Authority Board
Consideration for approval to submit SAF document to DLUHC for clearance

The Engagement Process

4.3	The governance arrangements that were put in place for development of the SAF were done so to ensure opportunities for significant engagement, input and comparison existed to contribute to the framework and to allow opportunities for coproduction on phase elements and supporting templates.	
4.4	The governance arrangements put in place were as follows:	
	Project Manager	Responsible for undertaking development activity to develop approach and authoring the SAF document
	Development Group	Officer support group to Project Manager to assist with SAF development process as directed
	Workstream Sponsor	Provided oversight of development to ensure Corporate Management Team link and hold Project Manager to account on progress
	Internal Working Group	Representatives from each CPCA Business Area to be engaged by Project Manager on key SAF content and to test and challenge developing approaches
	Partner Working Group	Representatives from each Constituent Council appointed by their Chief Executives to be engaged by Project Manager on key SAF content and to test and challenge developing approaches. Additional role of working group membership to report back to key officers and Leaders within their own Councils
	Public Service Board Lead	Chief Executive of Fenland Council provided key support, steer, advice and guidance on developing SAF content and challenge to ensure partnership engagement process was sufficient
	M10 Assurance Group	Specialist officers from across the 10 Mayoral Combined Authorities to share issues, best practice and discuss responding to EDAF.
	Improvement Group	Chaired by Executive Director for Resources & Performance, oversight group to ensure all improvement workstreams on track and to provide forum to air issues and seek solutions
4.5	There have been numerous meetings of the Partner Working Group and significant engagement between the Project Manager and membership outside of the meetings. There have also been 4 direct meetings between the Project Manager and individual Constituent Authorities as part of the engagement process as well as meetings with several Council Monitoring Officers.	
4.6	A total of 5 Internal Working Group meetings also contributed to the development of the SAF and provided an opportunity to engage Combined Authority business areas on the reasoning and detail behind this improvement workstream.	
4.7	Regular reporting on progress in developing the SAF was also provided through the monthly Improvement Framework update and Highlight Report to: ☐ This Audit & Governance Committee ☐ The Overview & Scrutiny Committee ☐ Combined Authority Board ☐ Independent Improvement Board	
4.8	Engagement has also taken place with the Public Service Board to engage Constituent Council Chief Executives, the CPCA Corporate Management Team and Leaders Strategy Meeting as and when appropriate to support the development process.	

Next Steps

4.9	The next steps for taking forward the Single Assurance Framework can be broken down into 5 key stages, they are as follows: ☐ Approval of SAF document for submission to DLUHC

	☐ DLUHC clearance process ☐ Approval of SAF implementation plan ☐ Implementation ☐ Review
4.10	**Approval of SAF document for submission to DLUHC** has several steps beginning with consideration of the DRAFT SAF document by this Audit & Governance Committee. The Committee is asked to consider the DRAFT SAF document in line with the ask, advice and content set out within this report and to agree feedback and consider endorsement to provide to Combined Authority Board.
4.11	A standing invitation has been offered to all Constituent Council Leaders and Chief Executives to discuss the SAF document, its implications and receive feedback to ensure all Leaders are fully briefed before the meeting of Combined Authority Board. The Public Service Board meeting on 13 September will provide a final opportunity for Constituent Authority Chief Executives to be briefed on the report and DRAFT SAF document that will be presented to Board.
4.12	Board will consider the DRAFT SAF document and any feedback from this Audit & Governance Committee on the 20 September where Board will be asked to approve the SAF document for submission to DLUHC for clearance.
4.13	**DLUHC clearance process** has already begun through soft engagement between the Project Manager and the Local Growth & Assurance Unit within DLUHC as the DRAFT SAF has been developed, arrangements have been put in place for the submission of the SAF to DLUHC following its consideration by Board. This has included email exchanges with the EDAF Policy Team within DLUHC.
4.14	If Board approve the document for submission then DLUHC will oversee consideration against EDAF requirements, this involves getting Director level approval from within DLUHC, Department for Transport and Department for Education.
4.15	Discussions with the Local Growth & Assurance Unit have indicated that the clearance process will take an estimated 4 weeks and no longer than 6 weeks.
4.16	If Board do not approve the document for submission to DLUHC then informal engagement will take place to seek informal clearance of the SAF prior to Board reconsidering approval at the November meeting of Board.
4.17	**Approval of SAF implementation plan** involves the development of an implementation plan for the SAF that will include proposals of when and how the SAF will be introduced and replace the existing National Local Growth Assurance Framework. That plan will set out templates, guidance documents, training and development and detail the required constitutional changes needed to implement the SAF.
4.18	Board will also be presented with proposals for resourcing of the PMO within the Combined Authority in alignment with delivering the SAF, this will cover the specialist skillset and support offer required to provide to the phases within the SAF to support the delivery of SAF requirements. This will be presented to Board on 29 November either as part of the Implementation Plan or as a separate report.
4.19	**Implementation** will involve delivering the agreed implementation plan.
4.20	**Review** refers to the ongoing review process for the SAF. Annual review of the SAF by this Audit & Governance Committee will be a constitutional requirement and key function of the Committee. Following input from the Public Service Board it was agreed that the SAF, its implementation and its impact should be reviewed every 6 months for the first 18 months of its implementation. It has not yet been determined who and how this implementation plan will be undertaken.
Alternative Options	
4.21	Comparison work was undertaken with all Mayoral Combined Authorities to understand their Assurance Framework and ways of working and how they planned to respond to EDAF requirements. This involved consideration of end approval approaches that would have replaced the Principle of Approval with an approval at the end of business case development.

4.22	This type of approach was deemed not to fit with the asks of the Combined Authority Board who wanted to ensure certain safeguards would be provided by ensuring resources were applied to development of projects that had both senior management and Board political approval.
4.23	Such an approach was also considered to not provide the level of assurance that the SAF proposal could potentially deliver.
4.24	Additionally alternative officer and member delegations regarding approval were considered but deemed not to fit the scale of the Combined Authority.
4.25	The development also considered not having an Investment Committee and spreading its responsibilities across the existing Thematic Committees. This option was not deemed preferable as it would impact ability of Thematics to focus on its core roles as well as not deliver the benefits of having an Investment Committee that are set out in this report.

5. Appendices

5.1	Appendix A – DRAFT Single Assurance Framework document
5.2	Appendix B – DRAFT Investment Panel terms of reference
5.3	Appendix C – Draft Investment Committee terms of reference

6. Implications

Financial Implications

5.1	There are no direct spend or budgetary implications as a result of the recommendations within this report. The assurance frameworks and delegated approval structures detailed within this report are considered to be appropriately designed to ensure the Combined Authority deliver value for money against all its investments and that the financial controls and checks required to deliver those investments are robust.
5.2	Any financial implications regarding the implementation of the Single Assurance Framework and the future resourcing of the Programme Management Office will be presented to Board on 29 November 2023.

Legal Implications

6.1	It is a statutory requirement that the Combined Authority has an assurance framework in place. There are also statutory duties on the Authority in relation to best value and securing the best use of public money in terms of projects and spending. Failure to have a robust assurance framework in place would result in action by the Authority's internal and external auditors and would affect the value for money judgement provided on an annual basis.
6.2	It is a requirement that any significant change to the assurance framework must be submitted to and cleared by Government, this must be done against requirements set out in the English Devolution Accountability Framework.

Public Health Implications

7.1	There are no specific public health implications arising out of this report.

Environmental & Climate Change Implications

8.1	There are no specific environmental and climate change implications arising out of this report.

Other Significant Implications

9.1	Replacement of the National Local Growth Assurance Framework that is currently in operation with the Single Assurance Framework will require constitutional amendments, these will be presented to Board on 29 November 2023.

Background Papers

10.1	English Devolution Accountability Framework: **English Devolution Accountability Framework - GOV.UK (www.gov.uk)**
10.2	CPCA Review of Governance 2022: **Document.ashx (cmis.uk.com)**
10.3	CPCA Interim CEX Assessment 2022: **Document.ashx (cmis.uk.com)**
10.4	CPCA Improvement Plan Phase 2: **Document.ashx (cmis.uk.com)**
10.5	CPCA Local Assurance Framework: **Local-Assurance-Framework (cambridgeshirepeterborough-ca.gov.uk)**