

LIVERPOOL CITY REGION COMBINED AUTHORITY

To: The Metro Mayor and Members of the Combined Authority

Meeting: 11 January 2019

Authority/Authorities Affected: All

EXEMPT/CONFIDENTIAL ITEM: No

REPORT OF THE DIRECTOR OF COMMERCIAL DEVELOPMENT AND INVESTMENT AND PORTFOLIO HOLDER FOR INCLUSIVE GROWTH, ECONOMIC DEVELOPMENT, DIGITAL AND INNOVATION

STRATEGIC INVESTMENT FUND ASSURANCE FRAMEWORK

1 PURPOSE OF REPORT

- 1.1 The report provides an updated assurance framework. The Combined Authority (“CA”) has modified the 2016 version to reflect changes in its structure and operations, in particular in relation to the new Strategic Investment Fund (“SIF”) investment strategy. The CA intends to use this assurance framework in committing SIF Round II and future funding.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Liverpool City Region Combined Authority approve the updated assurance framework.

3 BACKGROUND

- 3.1 HM Government requires localities in receipt of devolved funding to “write an assurance framework that explains how they will appraise, monitor and evaluate schemes to achieve value for money” (Single Pot Assurance Framework - National Guidance, 2016). It has established minimum criteria for an assurance framework to meet its requirements.

- 3.2 The updated assurance framework meets these requirements and achieves three objectives:

First, it shortens and clarifies the approved, 2016 assurance framework the better to reflect how the CA now operates and discharges its responsibilities.

Second, it mirrors for assurance purposes the investment approach the CA approved in the 2018 investment strategy, closing any distance between the strategy and the framework. This creates a coherent whole.

Third, it incorporates updates in HM Government appraisal methodologies, for instance a 2017 update in HMT Treasury Green Book guidance and in WEBTag guidance for transport projects.

- 3.3 The updated assurance framework contains provision for pre-development funding. This enables the £6.4 million in pre-development funding commissioned in the CA's October 2018 report to proceed as planned.
- 3.4 The CA intends to apply the update "to new funds committed from 1 November 2018 as well as the portfolio commitments outstanding from that date." This means:
- funds committed under SIF Round II and beyond
 - SIF Round I portfolio projects, i.e. those for which the CA has entered into legal documentation
- will fall under the updated assurance framework. Remaining SIF Round I pipeline projects will continue to follow the original investment process until approved or transferred into the new investment process, as specified in the October 2018 SIF update report.
- 3.5 HM Government has approved the update. CA approval will complete its approval requirements.

4 RESOURCE IMPLICATIONS

- 4.1 The updated assurance framework clarifies areas of responsibility for CA officers but carries in itself no change in overall resource requirements.
- 4.2 **Financial**
None.
- 4.3 **Human Resources**
None.
- 4.4 **Physical Assets**
None.
- 4.5 **Information Technology**
None.

5 RISKS AND MITIGATION

- 5.1 The 2016 assurance framework established the CA's approach to complying with HM Government's requirements in managing devolved funding. The update, in aligning with the CA's operations and new investment strategy, provides clear guidance to CA officers and reduces the risk of non-compliance relative to the 2016 version.
- 5.2 The CA's investment team, within the Directorate of Commercial Development and Investment, will operate under this updated assurance framework as a core operating document. The team operates in collaboration with the CA's finance, legal

and programme management office, all of which sit within the Directorate of Corporate Resources.

- 5.3 The CA's failure to comply in a material way with the assurance framework could cause project and/or programme level funding to be cancelled, and could limit HM Government's willingness in future to devolve funding to the CA. In response to this risk, the CA will induct and train investment team members and supporting staff on compliance with its requirements; monitor this compliance through programme management and internal audit; and report performance to the CA in its regular SIF submissions.

6 EQUALITY AND DIVERSITY IMPLICATIONS

- 6.1 None.

7 COMMUNICATION ISSUES

- 7.1 None.

8 CONCLUSION

- 8.1 The updated assurance framework improves on the 2016 and now closely fits the CA's operations and SIF investment strategy. The CA will behave pro-actively to comply with its provisions.

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Appendices:

Appendix One – Liverpool City Region Combined Authority Assurance Framework 2018