

North East Combined Authority Assurance Framework

**FINAL
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1. Introduction

1.1 Purpose of the Single Assurance Framework

Good governance and accountability is central to the culture and ways of working with the North East Combined Authority (North East CA). The Combined Authority is committed to ensuring our decision making is supported by evidence, proportionate, transparent and defensible, and works effectively to support the delivery of our ambitions for North East England.

1.1.1 HM Treasury define an Assurance Framework as ‘An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organisation’.

1.1.2 This document is the Single Assurance Framework for North East CA.

1.1.3 This Assurance Framework sets out the robust decision making and delivery arrangements in place within North East CA. This has been developed in line with the [English Devolution Accountability Framework \(Published 16 March 2023\)](#) issued by the Department for Levelling up, Homes and Communities (DLUHC).

1.1.4 Specifically, the Single Assurance Framework describes:

- How the [‘Seven Principles of Public Life’](#) are embedded within the culture, processes, practices and procedures of the Combined Authority in undertaking its roles and responsibilities in relation to the use and administration of North East CA funding. This applies to existing and new funding, and projects that place a financial liability on the Combined Authority.
- The roles and responsibilities of North East CA to ensure accountable decision making, including our processes around public engagement, probity, transparency, legal compliance and value for money.
- How potential investments will be appraised and funding allocated, and the delivery arrangements which North East CA has put in place.
- The process to monitor and evaluate projects and programmes to ensure that they achieve value for money and projected outcomes in accordance with the Mayor and Cabinet’s priorities and that risk is effectively managed.

1.1.5 The Assurance Framework operates alongside a number of other North East CA governance and key policy documents:

- [The Devolution Deal agreement](#), which sets out the terms and commitments between HM Government and North East CA on 28 December 2022
- [The North East Mayoral Combined Authority Order](#)
- [The Constitution of the Mayoral Combined Authority](#)
- The North East CA Investment Framework 2024 – 2034 (Link to follow)
- [The North East CA Corporate Plan 2024-2027](#)
- The North East Regional Skills Strategy (Link to follow)
- The Monitoring and Evaluation Framework (Link to follow)
- The Performance Management Framework (Link to follow)

- The Risk Management Framework (Link to follow)
- [The North East CA Medium Term Financial Plan](#)

1.1.6 The North East CA operates in line with the Local Government Accountability Framework and the English Devolution Accountability Framework.

1.1.7 The Single Assurance Framework and supporting North East CA business processes have also been developed in accordance with:

- [Local Government Financial Framework, as set out in the DLUHC Local Government System Statement](#)
- [HM Treasury Guide to developing the project business case](#)
- [HM Treasury Guide to Assuring and Appraising Project: Green Book](#)
- [Orange Book \(Strategic Risk\)](#)
- [Magenta Book \(Evaluation\)](#)

1.1.8 The Devolution Deal agreed between North East CA¹ and HM Government provides the area with greater local control, flexibility and responsibility over funding streams and their outcomes. The Single Pot approach to funding is a significant fiscal agreement in devolution deals which reduces ring fences and consolidates funding lines for which North East CA is the accountable body.

1.1.9 The Assurance Framework provides a robust framework to enable North East CA to maximise the impact of the Devolution Deal, it is applicable to all funds set out within the North East Devolution Deal. It will be reviewed and updated to incorporate any subsequent funding as and when agreed within HM Government.

1.1.10 The Assurance Framework provides assurance to the Departmental Accounting Officer by explaining how funding granted or devolved to North East CA is allocated, and that there are robust systems in place to ensure resources are spent with regularity, propriety and value for money.

1.1.11 Within North East CA the Assurance Framework is a valuable tool enabling the development and delivery of successful programmes and projects. It provides comfort to decision makers that proposals for funding are evidence based, have a clear and tested rationale for intervention, and meet our strategic objectives.

1.2 Review of the Assurance Framework. This Assurance Framework will be reviewed on an annual basis and in line with updated Government guidance included within the English Devolution Accountability Framework.

1.2.1 Any changes that require amendments to the Combined Authority Constitution will be agreed by North East CA Cabinet.

1.2.2 The review will examine the effectiveness of North East CA's assurance processes and consider any areas for improvement. Any changes to legal, funding, or other contextual changes that might require a change of assurance process will be taken into

¹ North East CA is made up of seven constituent authorities which are the local authorities of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland.

account, along with the impact of any other Combined Authority key strategies, policies or processes.

1.2.3 Any changes that may result in a significant divergence from the approved the North East CA assurance framework will be discussed and agreed with DLUHC.

1.3 English Devolution Accountability Framework.

The Assurance Framework has been developed in alignment with the first edition of the English Devolution Accountability Framework (EDAF) (2023). The EDAF sets out how Mayoral Combined Authorities will be scrutinised and held to account by government, local politicians and business leaders, and by residents and voters within the North East region.

1.3.1 The Combined Authority meets all requirements set out in the EDAF and will seek to adopt the principles set out in the [Scrutiny Protocol](#) (November 2023) and any further EDAF content.

1.3.2 It is recognised by North East CA that the provision of more powers and funding flexibilities through devolution brings to the fore the importance of continuing to strengthen governance and accountability arrangements, to ensure they are used appropriately to support regional and national priorities.

1.3.3 Further detail on compliance with the EDAF is set out in section 4.

2. The North East

2.1 The Combined Authority. The North East Combined Authority (North East CA) is a Mayoral Combined Authority and is an accountable public body established under section 103 of the Local Democracy, Economic Development and Construction Act 2009.

- 2.1.1 North East CA was created in 2024 through the North East Mayoral Combined Authority (Establishment and Functions) Order 2024 (Link to follow)

2.1.2 As and when Government officially devolves further powers to the Combined Authority, in order to deliver against its policy agenda, this will be reflected in revisions to the Assurance Framework at the appropriate review period.

The Combined Authority is its own accountable body for funding received from government through the 2022 Devolution Deal.

2.2 Regional and Local Leadership. The Combined Authority Cabinet is the principal decision-maker and provides leadership of the Combined Authority.

2.2.1 The Cabinet comprises the following members

- a the elected Mayor (who chairs meetings of the Cabinet);
- b. an elected member from each constituent council;
- c. the Chair of the Authority's Business Board (who is non-voting); and
- d. a representative of the Community and Voluntary Sector (who is non-voting)

2.2.2 Decisions will be made by the Mayor (in relation to mayoral functions) or the Mayor and Cabinet (in relation to non-mayoral functions) in accordance with the 2024 Order and the North East CA constitution.

2.2.3 The Mayor will appoint as Deputy Mayor one of the constituent council members of Cabinet.

2.2.4 The Combined Authority Cabinet provides the overall strategic direction for economic growth across North East England. Cabinet will approve the North East CA Investment Framework, North East CA Corporate Plan and Financial Plan which sets out investment priorities.

2.2.8 Portfolio areas have been identified within the North East CA Corporate Plan, with a member of Cabinet appointed as a Lead Portfolio holder. Portfolio lead roles are reviewed annually and confirmed at the Combined Authority Annual Meeting

2.3 The Strategic Framework. The Combined Authority has a robust process in place to develop strategic objectives that align with its long-term vision, reflect priorities identified by government through devolution requirements, as well as considering constituent council and Mayoral agendas and the regional evidence base.

2.3.1 The Devolution Deal agreed with Government in 2022, provided for the transfer of a broad range of significant powers including those associated with employment and skills, transport, housing and investment. The creation of North East CA in 2024 has provided an Investment Fund worth £1.4bn over 30 years. This funding will enable delivery of an ambitious investment programme focused on inclusive and sustainable economic growth.

2.3.2 The Assurance Framework stages set out in Section 5 ensure that investment decisions align with the Combined Authority strategic objectives set out in the Corporate Plan.

2.3.3 The strategic planning process will be evidence based, supported by a regularly updated state of the region assessment and consideration of the existing and future investment pipeline to ensure policy priorities reflect identified needs within the North East.

2.3.4 The North East Investment Framework 2024 -2034. The North East Investment Framework sets out the vision and guiding principles to underpin North East CA's investments over the next ten years. It has been produced in a draft format, stakeholder consultation is in progress and the framework is expected to be finalised in September 2024 following North East CA's decision making processes after establishment in May 2024.

2.3.5 The Investment Framework is based on the North East's assets and opportunities today, our shared long-term vision for the region, our approach to investment and sets out available funding sources for the Combined Authority.

2.3.6 The funds referenced within the North East Devolution Deal include the following:

- Devolution Funds (£48m per annum for 30 years)
- Brownfield Housing Fund
- Adult Education Budget (Adult Skills Fund from August 2024)
- Skills Bootcamp Funding
- Investment Zones
- City Regional Sustainable Transport Settlement (CRSTS)

2.3.7 The Combined Authority also has other sources of income, including Enterprise Zone business rates and loan repayments. The devolution deal also allows the Combined Authority to borrow against future funds, this is an opportunity North East CA will be looking to utilise as required to support strategic impactful investments.

2.3.8 North East CA also has responsibility for the delivery of existing funds from organisations whose functions have been transferred into North East CA.

2.3.9 The Investment Framework includes several requirements designed to guide investments and support achievement of the North East's ambitions:

- **Regional benefit** – investments must contribute towards our vision of a more equitable, sustainable and prosperous North East, with cross-cutting and mutually reinforcing interventions across funding opportunities.
- **Value for money** – investments must make a tangible contribution to our strategic objectives and provide good value for money in terms of outputs and outcomes.
- **Social value** – investments will meet established social value requirements, as well as articulating their relationship to the strategic outcomes set out in the Investment Strategy and Assurance Framework.
- **Additionality** – investments will be in addition to existing funding available at national, regional and local levels, avoiding displacement, deadweight, leakage and substitution; North East CA is particularly focused on driving investment into opportunities that create opportunities across the North East.

2.3.10 The Investment Framework is explicit in that North East CA's Investment Fund is not to substitute or displace existing investment. The Combined Authority will also strive to invest in opportunities that further attract and unlock private sector and inward investment.

2.3.11 Through the Assurance Framework stages North East CA investments will need to demonstrate how they support the principles set out within the Investment Framework and delivery of any relevant thematic strategies and plans.

2.4 The North East Local Transport Plan 2024 – 2040.

The Local Transport Plan, complements the Investment Framework, clearly setting out the region's transport priorities up to 2040. The accompanying Delivery Plan sets out a 'live' programme of interventions that are required to deliver the vision of the plan. Following North East CA's establishment in May 2024.

2.5 North East CA Corporate Plan. The Corporate Plan sets out the 'golden thread' from the strategic objectives and Mayoral priorities, through its overarching strategies, organisational objectives and Business Area Plans to programme and project activity directed through annual business plan activity.

The Corporate Plan sets out how the Combined Authority will turn our devolution deal and strategic priorities into reality. It sets out the Combined Authority's governance structure, resources and ambitions for delivery against Member led portfolios of activity:

- Transport
- Environment, Coastal and Rural
- Culture, Creative, Tourism and Sport
- Economy
- Housing and Land,
- Education, Skills and Inclusion
- Finance and Investment

Delivery of the corporate plan is supported by a series of business plans for each area of activity.

2.6 North East CA's Strategic Skills Plan sets out the strategic vision and priorities for all skills funding and programmes. There is an implementation plan that provides clear direction of how devolved funds should be commissioned. The Strategic Skills Plan supports North East CA's Corporate and Investment Plans as well as key priorities in the region's Local Skills and Improvement Plans (LSIPs).

3. Governance, Accountability and Transparent Decision Making

3.1 Introduction. North East CA as a Combined Authority is subject to the requirements of the Local Government Accountability Framework. It adheres to this framework and is supported by its governance framework, internal and external audit arrangements, existing assurance framework and annual reporting of its accounts and the Annual Governance Statement.

3.1.1 The Combined Authority recognises and supports the English Devolution Accountability Framework and commits to building a culture of effective scrutiny and accountability through adherence to the framework.

3.1.2 In compliance with the English Devolution Accountability Framework the Combined Authority has put in place this Assurance Framework to ensure appropriate safeguards and standards are in place in the development and delivery of projects and ensure appropriate stewardship of devolved funds.

3.1.3 The Combined Authority meets all the standards set out in Chapter 7 of the Localism Act 2011 and has a robust Member-Officer Protocol in support of its Code of Conduct arrangements. All Members are expected to demonstrate the Nolan Principles of behaviour.

3.1.4 Members of the Combined Authority are expected to act in the interests of the North East 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 and/or the perception of bias.

3.2 The Mayor and Cabinet. The Combined Authority is the legal and accountable body for funding devolved to it. It is responsible for a range of functions including transport, skills and economic development.

3.2.1 The Combined Authority Cabinet exercises all its powers and functions in accordance with the law and its Constitution. It sets the overall strategic direction for economic growth across the North East combined area, agreeing all strategies and frameworks and agrees all delegated responsibilities to conduct business.

3.2.2 Decisions will be made by the Mayor (in relation to mayoral functions) or the Mayor and Cabinet (in relation to non-mayoral functions) in accordance with the North East CA constitution.

3.2.3 The Constituent Council Members represent the views of their local authorities at the Combined Authority Cabinet whilst also ensuring that they put the needs and opportunities of the North East combined area at the forefront of all decisions.

3.2.4 Elections for the position of Mayor of the Combined Authority are held every 4 years.

3.2.5 The Combined Authority, through its Cabinet, has set very clear roles and responsibilities within its governance framework when it comes to decision-making in regard to strategy and budgets. This power sits within the Cabinet and is supported through the following roles and responsibilities across its governance framework:

Strategic Role	Body
Set strategic objectives, vision and Corporate Plan	Cabinet
Approve strategy, key policy and frameworks	Cabinet
Set the budgetary framework and Medium Term Financial Plan	Cabinet
Develop strategy, framework and policy proposals	Strategic Programme Board (North East CA Senior Leadership Team) in consultation with Portfolio Advisory Boards
Implement approved strategy	Senior Responsible Officers in consultation with Portfolio Advisory Boards
Operational and delivery oversight and provide operational decision making	Strategic Programme Board
Undertake strategic level scrutiny	Overview & Scrutiny Committee
Undertakes Mayor and Cabinet accountability	Overview & Scrutiny Committee
Provides oversight and assurance of standards and the Constitution	Audit & Standards Committee
Provides oversight and assurance of governance, assurance and supporting frameworks	Audit & Standards Committee

3.3 Induction

New members of the Combined Authority Cabinet will be supported through induction training that will cover the senior management structure and their roles, the governance structures including this Single Assurance Framework, how the Combined Authority is funded, its risks, the role of the Mayor, and the aims and objectives of the Combined Authority.

3.4 Code of Conduct

The code of conduct is set out in the Combined Authority constitution. The Nolan principles of Public Life provide a framework for the members and officers of North East CA.

3.5 Diversity

The North East CA Cabinet and committee membership is comprised of elected representatives appointed by the constituent authorities and this membership is outside of the control of the Combined Authority. The Chair of the Business Board and representation from the CVS sector is appointed by Cabinet as is the membership of any advisory boards. North East CA is committed to taking steps to appoint a diverse membership to its boards which reflect the community it serves.

3.6 Remuneration

No remuneration is paid by North East CA to its Cabinet members other than a Mayoral Allowance can be paid after a report by an Independent Remuneration Panel (IPR) which recommends an allowance has been agreed; the allowance cannot exceed the amount on the IRPs recommendation.

3.7 Audit Committee Arrangements

3.7.1 **North East CA has established an Audit and Standards Committee**, in accordance with the requirements of the Local Democracy, Economic Development and Construction Act 2009, the Combined Authorities (Overview and Scrutiny, Access to Information and Audit) Regulations 2017 and in alignment with the English Devolution Accountability Framework and with reference to CIPFA's guidance on Audit Committees.

3.7.2 The remit and operations of the Audit and Standards Committee are set out in the North East CA constitution.

3.7.3 This committee is a key component of the Combined Authority's corporate governance arrangements and an important source of assurance regarding the organisation's arrangements for managing risk, maintaining an effective control environment, reporting on financial and annual governance processes and for the promotion and maintenance of high standards of conduct by its Members.

3.7.4 The audit functions of the Audit and Standards Committee are:

- Reviewing and scrutinising the authority's financial affairs;
- Reviewing and assessing the authority's risk management, internal control and corporate governance arrangements;
- Reviewing and assessing the economy, efficiency and effectiveness with which resources have been used in discharging the authority's functions; and,
- Making reports and recommendations to the North East CA Cabinet in relation to the above points.

3.7.5 The Chair of the Audit and Standards Committee is an independent "co-opted" member (ie i.e. not an elected member) appointed by the Cabinet following a recruitment process. The other members of the Audit and Standards Committee are appointed by the Constituent Authorities. The appointment of members to the Committee by the Constituent Authorities must reflect political balance across the whole of the Combined Authority's area.

3.7.6 Internal Audit services have been established to provide a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The internal audit provision will conform to the Public Sector Internal Audit Standards which are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.

3.7.8 External Audit. An annual external audit of North East CA's statement of accounts is undertaken by a registered external local auditor under the Local Audit and Accountability Act 2014. (<https://www.icaew.com/technical/audit-and-assurance/local-public-audit-in-england>).

3.7.9 External auditors will undertake the audit of North East CA's statement of accounts and test value for money arrangements in line with the Code of Audit Practice issued by the National Audit Office (<https://www.nao.org.uk/code-audit-practice/>) in line with the requirements set out in the Local Audit and Accountability Act 2014 and the Accounts & Audit Regulations 2015.

3.8 Overview and Scrutiny Arrangements. North East CA has established an Overview and Scrutiny Committee, in accordance with the requirements of the Local Democracy, Economic Development and Construction Act 2009, the Combined Authorities (Overview and Scrutiny, Access to Information and Audit) Regulations 2017 and in alignment with the English Devolution Accountability Framework.

3.8.1 The remit and operations of the Overview and Scrutiny Committee are set out in the North East CA Constitution, they have the power to:

- Review or scrutinise decisions made, or other action taken, in connection with the discharge by the Cabinet or the Mayor of its functions; and
- Make reports or recommendations to the Mayor and/or Cabinet, with respect to the discharge of its functions.
- to make reports or recommendations to the Mayor and/or Cabinet on matters that affect the authority's area or the inhabitants of the area.

3.8.2 The terms of reference for the Overview and Scrutiny Committee are available in [the Constitution](#).

3.8.3 The members of the Overview and Scrutiny Committee are appointed by the Constituent Authorities.

3.8.4. The appointment of members to the Overview and Scrutiny Committee by the Constituent Authorities must reflect political balance across the whole of the Combined Authority's area.

3.8.5 The Audit and Standards Committee and the Overview and Scrutiny Committee are key parts of the overall accountability framework of the Combined Authority, ensuring the requirements of the English Devolution Accountability Framework is complied with.

3.9 Investment Board. The Combined Authority has established an Investment Board that is chaired by the Portfolio Lead member for Finance and Investment. The Investment Board provides advice to the Mayor and Cabinet, or designated officer in line with agreed delegations, on investment decisions.

3.9.1 The core roles of the board are:

- In accordance with the Single Assurance Framework, consider new funding applications and project variations and make recommendations to the Mayor and/or Cabinet, or designated officer, on investment decisions.
- Play a key part in the overall assurance arrangements of the Combined Authority through delivery of its functions.
- Assess investment proposals against strategic fit with North East CA's Investment Framework ensuring golden thread.
- Scrutinise the technical review of applications and project appraisals to provide assurance around value for money, due diligence, transparency and equity.
- Oversight of performance and management of strategic risk at a programme level.

3.10 The Business Board. The Cabinet will also be supported by a Business Board made up of representatives of business interests in the area.

3.10.1 The Business Board provides:

- Strategic business advice to the Combined Authority Cabinet, Mayor, Committees and officers across all policy areas.
- Advice on the development and shaping of economic strategy and oversight of progress on implementation, on behalf of the Cabinet who decide on and own the strategy.
- Represents business across the Combined Authority area.

3.10.2 In line with the policy priorities of the Devolution Deal and existing regional strategic plan, the Business Board will show:

- Ambition and Influence – ensuring the region has bold private sector leadership at the forefront of its decision making, reflecting the opportunities and ambition of the region and the challenges the Devolution Deal seeks to address.
- Inclusion and Collaboration – ensuring the whole region is appropriately represented, and that businesses of all types and sizes feel well represented, well served and able to champion the work of the North East CA over time.
- Clarity of Purpose – ensuring the Board has a clear mandate so it can work proactively, confidently and with integrity alongside the North East CA mayor and Cabinet to champion the needs and potential of regional businesses and the economy.

3.10.3 The Chair of the Business Board attends Cabinet as a non-voting member.

3.10.5 The membership of the Business Board, the Chair and membership roles and responsibilities are reviewed as appropriate to ensure they reflect the requirements of the Combined Authority and represent the business voice of the region.

3.10.6 The Business Board will be an important forum for collaboration between the public and private sectors, working to improve the economy across the North East.

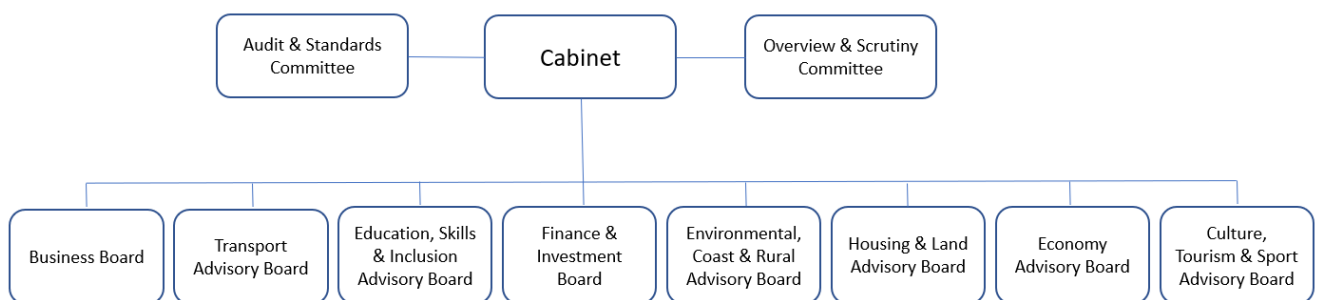
3.11 Portfolio Advisory Boards. A number of other politically led advisory boards are to be put in place. These advisory boards do not advise the Mayor and/or Cabinet on individual investment proposals but play an important role in supporting policy development and delivery across the North East CA portfolios, namely:

- Transport
- Environment, Coastal and Rural
- Culture, Creative Tourism and Sport
- Economy
- Housing and Land
- Education, Inclusion and Skills

3.11.1 The Portfolio Advisory Boards are chaired by the Portfolio Lead Member, appointed by North East CA’s Cabinet.

3.11.3 The membership within the Portfolio Advisory Boards as well as the Combined Authority Cabinet chairing of the boards through Portfolio Lead positions, ensures a cross thematic approach to Combined Authority strategy and activity, tackling silo considerations.

3.11.4 These Advisory Boards alongside those identified above create the following governance arrangements for the Combined Authority:



3.12 Statutory Officers

3.12.1 Head of Paid Service. It is the role of the Head of Paid Service, also referred to as the Chief Executive, to ensure that all of the Combined Authority functions are properly coordinated, organising staff and appointing appropriate management.

3.12.2 At the Combined Authority the 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.

3.12.3 The duties and responsibilities of the post include but are not limited to:

- The statutory responsibilities of the Head of Paid Service to manage the budgets and funding allocations available to the Combined Authority, in partnership with the S73 officer.
 - Leading the Corporate Management team to deliver the strategic direction for the Combined Authority as outlined by the Mayor and Cabinet
 - Co-ordinated strategy, development and delivery ensuring a joined-up partnership approach to deliver the aspirations of the Combined Authority
 - Champion the delivery of the strategic priorities of the Combined Authority and its Corporate Plan and put in place the resources necessary to achieve the efficient and effective implementation of North East CA's programmes and policies across all services and the effective deployment of the authority's resources to those ends.
 - Advise the Combined Authority Mayor and Cabinet on all matters of general policy and matters upon which their advice is necessary, with the right attendance at all Cabinet and other meetings as appropriate.
 - Advising the elected Mayor on the delivery of strategic priorities
 - Represent the Combined Authority at local, regional and national level in partnership with the Mayor.
 - Act on advice given by the Monitoring Officer on any situations that could put the Combined Authority in jeopardy of unlawfulness or maladministration.
 - Exercise urgency powers to make decisions in emergency situations.
1. .

3.12.4 Section 73 Officer. The Combined Authority has appointed a statutory Chief Finance Officer under section 73 of the Local Government Act 1985, to administer the financial affairs of the Combined Authority. At the North East CA the Director of Finance fulfils the role of the Section 73 Officer.

3.12.5 The Section 73 Officer is responsible for providing the final sign off for funding decisions.

3.12.6 The responsibilities of the Director of Finance reflect those documented in the CIPFA published document 'the roles of the Chief Finance Officer in Local Government' which details 5 key principles:

1. The CFO is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's Policy aims sustainably and in the public interest.
2. The CFO must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority's overall financial strategy.
3. The CFO must lead the promotion and delivery of the whole authority of good financial management so that public money is safeguarded at all times and used

appropriately, economically, efficiently and effectively. This includes overall responsibility for ensuring value for money.

4. The CFO must lead and direct a finance function that is resourced to be fit for purpose.
5. The CFO must be professionally qualified and suitably experienced.

3.12.7 The Director of Finance is a member of the Combined Authority Senior Management Team and has oversight and an ability to influence all major decisions of the Combined Authority.

3.12.8 The Director of Finance has ensured that the Combined Authority has robust systems of internal controls and appropriate separation of duties to ensure the legality and probity of financial transactions.

3.12.9 These processes are set out in the Combined Authority's [Financial Regulations](#) and the Contract Standing Order. Other policies such as the Anti-fraud and Corruption Policy are also included in the Constitution and published on [North East CA's website](#).

3.12.10 Monitoring Officer. A statutory Monitoring Officer has been appointed and discharges the functions in relation to the North East CA as set out in section 5 of the Local Government and Housing Act 1989.

3.12.12 The responsibilities of the Monitoring Officer regarding the Assurance Framework include:

- Maintaining an up-to date version of the Constitution and ensuring that it is widely available for consultation by members, staff and the public.
- Ensuring lawfulness and fairness of decision making
- Supporting the Standards Committee and contributing to the promotion and maintenance of high standards of conduct.

3.12.14 The Monitoring Officer and their legal team review all reports to ensure legal implications are correctly identified before they are presented to the Cabinet, its Committees and constituted boards.

3.13 Processes and Procedures

3.13.1 Whistleblowing. The Combined Authority has a Whistleblowing Policy in place to enable and encourage employees to raise concerns about wrong doing by the Combined Authority, the Mayor's Office and/or contractors without fear of reprisal or detriment.

All staff employed by the North East CA are made aware of the whistleblowing policy which is set out in section 5.5 of [the Constitution](#).

3.13.2 Complaints Process. A procedure is in place to ensure that any complaints relating to the arrangements, processes or decision making associated with a project is dealt with fairly and effectively. The process can be found on the [North East CA website](#).

The Combined Authority's [Code of Conduct for Members](#) also includes a process for dealing with complaints of alleged breaches of the Code.

3.13.3 Equality, Diversity and Inclusion. An Equalities and Diversity Policy (Link to follow) has been established that applies to all employees and anyone who works with the Combined Authority. It covers the work and outputs of the Cabinet, Boards, and groups, and is updated on an annual basis.

The Combined Authority is fully committed to complying with the Equality Act 2010 and the Public Sector Equality Duty and to fulfilling its statutory duties towards its employees and residents with regards to equality and inclusion. Before making and implementing decisions, policies, plans, practices and procedures, the North East CA will show due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations. Where decisions have the potential to impact people differently based on protected characteristics, an Equality Impact Assessment will be undertaken.

3.13.4 Gifts and Hospitality. The Code of Conduct for Members and the Code of Conduct for Officers regulate the acceptance of gifts and hospitality by members and officers respectively.

3.13.5 Registration and Declaration of Interests. The Combined Authority's codes of conduct for members and for officers set out clear procedures for dealing with any conflicts of interest which may arise when carrying out the business of the North East CA.

All Members and Officers are required to declare interests they are aware of, and this is recorded centrally on a register in the North East CA. This information is reviewed and updated annually.

Cabinet and Board Members are required to make a declaration of any interest they have in an item of business at meetings. The Combined Authority's code of conduct sets out when a Member's interest requires that they should leave the meeting while the item is considered.

In addition, Constituent Authority members will have completed their Local Authority's Register of Interest.

All North East CA officers are required to declare any interests they have in contracts.

The codes of conduct can be found in [the Constitution](#).

3.13.6 Freedom of Information. As a public body, the Combined Authority is subject to the Freedom of Information Act 2000, the Environmental Information Regulations 2004 and the Data Protection Act 2018, which includes the General Data Protection Regulation (GDPR).

The Combined Authority will hold records and will deal with statutory information requests. Applicants are made aware of their right to access information through the Combined Authority, which will deal with this request in accordance with the relevant legislation.

As described below the Combined Authority aims to publish as much information as possible, reducing the need for Freedom of Information requests.

Full details of the Combined Authority's Freedom of Information requests procedures can be found on the [North East CA Website](#).

3.13.7 Transparency Code. The Combined Authority has in place robust transparency and engagement arrangements. The Constitution sets out how agendas, minutes and papers will be made available to the public and when.

The Combined Authority will ensure it adheres to the Local Government Transparency Code (2015), building on existing good practice from across our constituent authorities. Information is published on the Authority's website.

3.13.8 Treatment of Risk. The Combined Authority recognises that effective risk management is an integral part of good corporate governance. A key role of the Assurance Framework is to ensure that risk is identified, monitored and managed appropriately, in accordance with HM Treasury Orange Book. This is both at a Strategic level (risks facing the organisation) and at a programme and project level.

A Risk Management Framework has been developed to provide visibility of risk at strategic, operational and programme levels to ensure consistency in approach across the Combined Authority in how risks are identified, managed, monitored and escalated.

The Combined Authority's Risk Management processes will be regularly reviewed to ensure they still meet the Authority's needs as it grows and develops, and also to align to any updated guidance or identified best practice.

The Combined Authority's Risk Management Framework (Link to follow) is agreed by the Mayor and Cabinet, with Audit and Standards Committee monitoring the risks on a quarterly basis.

The SROs in the business areas have responsibility for the identification and management of programme and project level risks, supported by the Programme Assurance Team and the Chief Operating Officer's team who have a role in the collation and reporting of risk at a programme level. The Senior Management Team (which includes representation from the Statutory Officers) will review programme and corporate risks regularly, advising the Investment Board and Cabinet accordingly.

At the project level, all projects outline in detail any identified risks as part of the full business case development and due diligence processes. Grant funding agreements require funding recipients to maintain an ongoing risk register and submit updated risk assessments including mitigations on a quarterly basis as part of the monitoring and reporting process.

3.13.10 Publishing Meeting Minutes. The schedule of meetings for the calendar year is agreed at the Annual Meeting and published on the North East CA website.

The Combined Authority's Cabinet, Audit and Standards Committee, and Overview and Scrutiny Committee meetings take place in public (although the public may be excluded for confidential matters). Cabinet meetings are livestreamed on the internet.

Agendas for Cabinet and committee meetings are published on the North East CA's website five clear working days in advance of the meeting.

Where agendas contain commercially sensitive information or are otherwise subject to one of the exemptions under the Local Government Act 1972 Schedule 12A, they are categorised as an exempt item and not published. Advice will be provided by the Monitoring Officer on whether the item should be classified as exempt, but Members have to make a decision to go into a private session unless an item has been declared confidential by the Government in which case it must be dealt with in private.

Decisions of meetings are published within three working days, and draft minutes of the meeting are published as soon as possible after meetings on the Combined Authority's website. Minutes of the meeting are formally agreed at the next meeting of the Cabinet or the committee and published as part of the Agenda pack.

3.13.11 Publishing Decisions. In the interests of increasing transparency and accountability the Combined Authority has committed to publish a Forward Plan of key decisions that will be taken by the Cabinet at least 28 days before the decision is made, and up to 6 months in advance, to enable members of the public the opportunity to view them.

All decisions will be published in accordance with the transparency arrangements set out in the Constitution.

The Combined Authority ensures compliance with Government guidelines on publication, where appropriate.

3.13.12 Corporate Policies. Other corporate policies relating to Modern Slavery, Environmental, Social Value and Data Protection and Confidentiality can be found on [the North East CA Website](#).

4. English Devolution Accountability Framework

4.1 Introduction. The Single Assurance Framework must demonstrate robust assurance, project appraisal and value for money processes that satisfy the requirements set out in the English Devolution Accountability Framework.

4.1.1 The Combined Authority is the accountable body for funding received from Government through devolution.

4.1.2 The Combined Authority is a local authority for the purposes of the Local Government Act 1972 (and the Local Democracy, Economic Development and Construction Act 2009) and is the Accountable Body for public expenditure that supports the Combined Authority's Vision and Corporate Plan, facilitating collective decision making between constituent council partners.

4.1.3 As set out in the constitution the Combined Authority has appointed statutory officers and the Section 73 Officer will ensure that resources are used legally and appropriately, and that they will be subject to the usual checks and balances by making sure there is a sound system in place for financial management. The Monitoring Officer will ensure that all legal responsibilities are adhered to by the Combined Authority.

4.1.4 The Audit and Standards Committee arrangements for the Combined Authority are set out in [Insert] and the Overview and Scrutiny arrangements are set out in [Insert].

4.1.5 Section 3 describes the governance framework and details of accountability and decision-making arrangements that enable and support the effective engagement of constituent authorities, local partners and the public to help inform key decisions, budget proposals and strategy development.

4.1.6 Section 3 also sets out the roles and responsibilities within decision making at the Combined Authority.

4.1.7 The Single Assurance Framework is a significant part of the overall Accountability Framework for the Combined Authority.

4.2 Ensuring Value for Money. The Combined Authority has appropriate arrangements in place to independently verify its accounts through external audit to ensure it is compliant the Local Audit and Accountability Act 2014. These arrangements are supported through the Audit and Standards Committee that review and scrutinise the Combined Authority financial affairs, ensure appropriate corporate governance and risk management, and assess whether it is delivering value for money.

4.2.1 The Single Assurance Framework sets the framework for the Combined Authority in making value for money judgements of potential investments. All business cases seeking approval are assessed through the Single Assurance Framework process and are evaluated against HM Treasury's 5-case business model set out in HM Treasury's Green Book.

4.2.3 Arrangements regarding Value for Money for Department of Transport projects and TAG compliance are set out in an Annex (refer to section 8).

4.3 Enabling the Business Voice. The Combined Authority has a Business Board that is integrated into its governance arrangements.

4.3.1 The Combined Authority recognises the importance and added value that engaging with a wide range of partners and stakeholders brings. A variety of engagement mechanisms are used to realise the opportunity, capturing a broad set of views and perspectives from across all sectors, enabling groups and individuals to influence strategy and policy development as well as active engagement in the delivery of our projects and programmes.

4.4 Local Scrutiny and Checks and Balances. The Combined Authority meets all the requirements set out in chapter 7 of the Localism Act 2011 and has in place a robust Code of Conduct.

4.4.1 The Combined Authority meets the requirements set out in the Local Audit and Accountability Act 2014 and is committed to continuing to review and improve our approach, consulting with other MCAs to identify best practice.

4.4.2 In addition to a comprehensive induction, ongoing training and development is provided to the Audit and Standards Committee and the Overview and Scrutiny Committee. These arrangements are set out in section 3.

4.4.3 The Combined Authority approach to Overview and Scrutiny build upon the statutory guidance, the Scrutiny Protocol and guidance from the Centre for Governance and Scrutiny, and best practice from other MCAs.

4.5 Accountability to Government. This Single Assurance Framework sets out the Combined Authority approach to ensuring appropriate safeguards and standards are in place in the development and delivery of programmes and projects, and to ensure appropriate stewardship of devolved funding.

4.6 Accountability to the Public. The Governance Framework of the Combined Authority is designed with clear roles and responsibilities to enable transparency and understanding of the Cabinet, Advisory Board and Committee activity. Multiple levels of accountability exist to enable and support the strategic objectives setting, performance, decision-making accountability, and operational delivery and oversight.

4.6.1 Section 3 sets out details on governance, accountability and decision-making, with further detail in the Constitution.

4.6.2 The Combined Authority will actively engage with the local press and through social media to promote its activity, meetings of the Cabinet and Committees and opportunities for public involvement.

4.6.3 The public are invited to put questions to the Mayor via public Mayors Question Time events.

4.7 Commitment to continual enhancement of Accountability Arrangements. The Combined Authority will continue to review and set out how it will further strengthen its accountability arrangements for future devolved funding and powers, engaging directly with the Department for Levelling up, Homes and Communities.

5. Single Assurance Framework (Lifecycle Process)

5.1 Introduction. The Single Assurance Framework (SAF) sets out the framework to be applied throughout the lifecycle of programmes and projects. It sets out the systems, processes and protocols designed to provide the Combined Authority with a consistent approach for appraisal, assurance, risk management, performance, monitoring and evaluation.

5.1.2 The SAF sets out the key processes for ensuring accountability, probity, transparency and legal compliance, also ensuring value for money is achieved across its investments. It provides assurance to decision-makers and Government that all the North East CA investment proposals meet the expected standards.

5.1.3 The SAF will be applied across the lifecycle of all projects and programmes that will incur a financial liability on the Combined Authority.

5.1.4 The SAF is designed to be used as guidance to project developers and sponsors to understand the processes associated with the application and the route to approval of all external funding opportunities.

5.1.5 Where financial liability is placed onto the Combined Authority, the SAF is applicable throughout all stages of the project or programme lifecycle: initiation, development, approvals, delivery, monitoring and evaluation.

5.1.6 The SAF provides consistency of approach for assurance, independent appraisal, and informed decision making across all funding pots. Furthermore, it allows proportionality to be applied for the development of business cases through defined development routes. The SAF does not apply to projects or programmes that are defined as corporate, continuous improvement or Business as Usual (BAU) activity.

5.1.7 The SAF works to the following definition of programmes and projects:

A SAF Programme/Project – Projects and Programmes which follow the SAF are focused on achieving positive outcomes for the local community. They are typically funded by external sources such as devolution deals and bid applications/grant awards from Central Government, for example the Investment programme, where the North East CA is the accountable body. The SAF is applied flexibly and proportionately, dependent on the level of risk associated with the Programme/Project. The SAF enables an independent assessment and appraisal of an investment opportunity. Programmes and Projects following the SAF route should ensure a strong strategic fit to the Corporate Plan.

SAF does not apply to Corporate Projects

A Corporate Project – A Corporate project is created to address an internal business need, benefitting the organisation, for example a change to the operating systems of an organisation. Risk management should be considered with risks reviewed as part of the activity. Once a corporate project is complete it may become BAU. Corporate projects will be supported by specialists across the North East CA including Finance, Project

Management, Human resources and Legal as appropriate, to strengthen the case for funding and, the identified benefits and support effective delivery.

5.1.8 The SAF has been developed to a set of design principles, these are:

- Provide financial and governance protections for the stewardship of public funds.
- Ability to deliver at pace with agile processes that can be responsive to opportunities.
- Provide clarity to sponsors, partners and applicants.
- Provide assurance to support decision-makers.
- Improve standards of project/ programme initiation, development and approval.
- Effectively manage programmes and projects.
- Drive golden thread (strategic fit) across all aspects of process.
- Clearly define roles and responsibilities.
- Manage political and reputational risk.
- Support securing additional funding for the region.

5.1.9 The SAF sets out the rising scale of assurance that is required against an increasing scale of value in business case approvals, alongside appropriate processes for risk profiling of a project, guidance on business case development and the documentation required for approval consideration.

5.1.10 Out of Business area second line defence assurance and appraisal is incorporated into the SAF alongside guidance, templates and criteria to ensure a consistency of approach, development and consideration through the lifecycle.

5.1.11 The Combined Authority ensures that all funding decisions are based on impartial expert advice.

5.1.12 This section details the SAF processes and procedures that are in place to ensure robust decision-making on investments with funds devolved to the Combined Authority.

5.2 Value for Money. As an investor of public funds, the Combined Authority has a responsibility to ensure that its decisions deliver best value for the taxpayer, and therefore all investment opportunities and Business Cases must include an assessment of Value for Money.

5.2.1 The SAF has been developed in line with HMTs Green Book guidelines, which require project managers to build in Value for Money processes throughout the development and approval stages. In addition, the Combined Authority requires all Business Cases be developed in line with HMTs Five Case Model.

5.2.3 The range of toolkits (HMT Green Book, DfT TAG, DLUHC Appraisal Guidance etc) are used to demonstrate the economic, social and environmental benefits and cost over an appropriate appraisal period in order to assess the Value for Money of a Programme or project.

5.2.4 The delivery, and costs, of outputs must be quantified within all applications for funding. Assessing Value for Money will be done in accordance with Government guidance.

5.2.5 The use of options consideration for Value for Money is key, to assist a do minimum option will always be included in business cases to provide an essential benchmark that can help reveal the real value of additional changes.

5.2.6 The Senior Responsible Officer responsible for programme/project development will review and document that they are satisfied with the Value for Money assessment within in a business case. This element will also be scrutinised by the Section 73 Officer as part of the SAF process prior and to final approval of funding and award of contract.

5.2.7 The SAF supports the Combined Authority in making judgements about the Value for Money of potential investments. All business cases seeking approval are assessed through the SAF process are evaluated against HMT's 5-case business model highlighted within the Green Book (2022).

5.2.8 For transport schemes, the Combined Authority will ensure that modelling and appraisal is sufficiently robust and fit for purpose for the scheme under consideration, and that modelling and appraisal meets the guidance set out in DfT's Transport Analysis Guidance (TAG), this is further set out in the Annex at section 8.

5.3 Single Assurance Framework Entry points

There are two entry points into the SAF, they are through:

- The Corporate Plan (and supporting Medium Term Financial Plan)
- In Year Proposals. This includes new funding opportunities (further devolved funding) and new policy priorities enabling the Combined Authority to respond to economic opportunities and/or shocks at a national or local level.

5.3.1 The development of concepts, and external funding opportunities are Business Area led with support provided from the Combined Authority Programme Assurance Team in terms of coordination, providing advice and guidance. Collaboration and co-design will play an intrinsic role in the Combined Authority's approach, working closely with delivery partners and stakeholders throughout the development process.

5.3.2 **The Corporate Plan.** The Combined Authority Corporate Plan is developed through an extensive strategic planning process, these robust processes that are in place to develop the strategic objectives (that aligns with the long-term vision) are referenced in section 2.

5.3.3 The Corporate Plan sets out the 'golden thread' from the strategic objectives and Mayoral priorities, through its overarching strategies, organisational objectives and **Business Area Plans** to programme and project activity directed through annual business plan activity.

5.3.4 The purpose of the Corporate Plan is to:

- Articulate the Combined Authority's priorities so that partners and stakeholders understand the key areas of focus.
- Provide strategic context for the Combined Authority as an organisation so its plans and operational activity are aligned to the overall vision and priorities agreed by its Cabinet.

- Enable oversight and review of performance against priorities. To support this the Corporate Plan seeks to demonstrate how deliverables contribute towards delivering the overarching Combined Authority policy aims.

5.3.5 There may be instances where items drawn down from the Corporate Plan for business case development require the approach of issuing a call/ expression of interest prior to Business Case development.

5.3.6 **New Funding Opportunities.** It is possible in-year that there may be further unexpected funding opportunities that need to be pursued. This could be a result of new or changes to Government initiatives and priorities or where there is a need to address emerging priorities. Initially these opportunities will be discussed by the Senior Management Team and involve engagement with the Mayor and Cabinet.

5.3.7 Where such opportunities arise a project initiation paper will be produced in line with phase 1 of the SAF. As necessary and appropriate, processes will be expediated to enable funding to be accessed quickly.

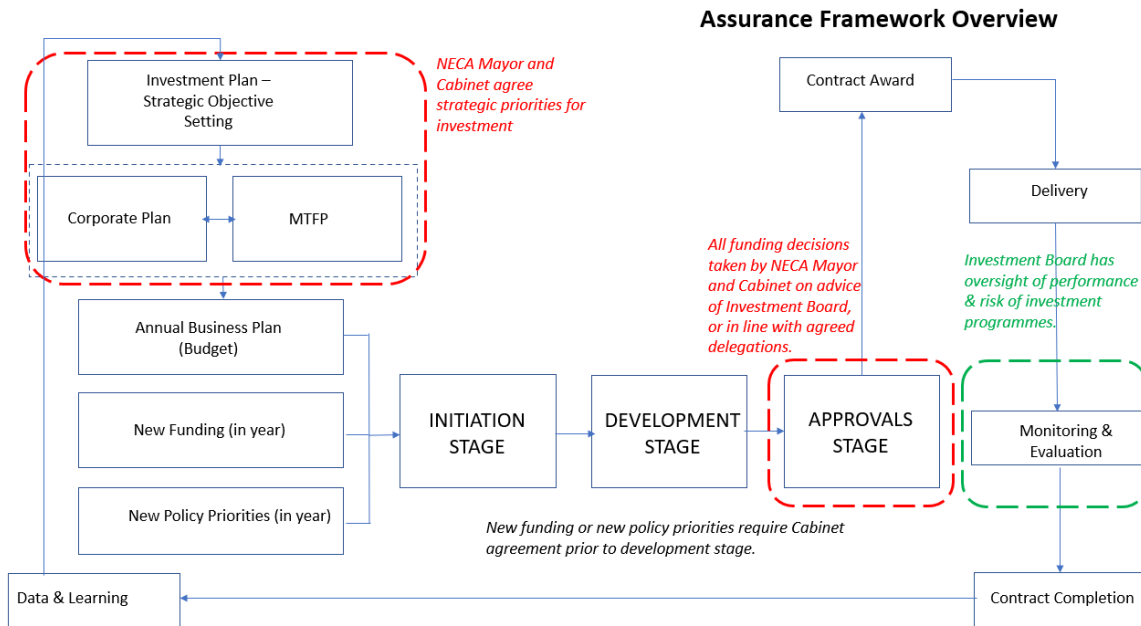
5.3.8 **In Year Proposals.** Constituent Authorities, Partners and the Combined Authority can submit in-year concept proposals that are not included within the Corporate Plan. These in-year proposals will require the completion of a Project Initiation Paper and appropriate political endorsement in alignment with the requirements set out in Phase 1 of the SAF.

5.3.9 In certain circumstances, the Combined Authority may ask applicants to complete an Expression of Interest or issue an Open Call for proposals as to how to deliver a particular objective, prior to completion of a Business case.

5.3.10 **Open Calls/ Expressions of Interest.** The purpose of an Open Call proposal/ Expression of Interest would be to confirm that the proposal is consistent with the strategic context set out in the Combined Authority Vision and the strategic objectives within the Corporate Plan, outline the rationale for intervention, set out the primary benefits associated with the intervention and identify a proposed preferred option with costs based on an appraisal of the available options.

5.3.11 **Business Case Development Fund.** The Combined Authority propose to have a Business Case Development Fund for the development of early stage projects, or the additional capacity required to access funding to deliver activity which has potential to contribute towards the Combined Authority's strategic objectives. Proposals seeking support from the Business Case Development Fund will be invited to complete a bespoke application form, with the Investment Board making decisions on the allocation of funding.

The Diagram below provides an overview of the Single Assurance Framework Process:



5.4 Phase 1: Concept to Pipeline Approval (Initiation Phase)

5.4.1 Purpose: to provide early assurance that investment proposals meet strategic objectives, have sufficient resources and appear to meet the necessary requirements to deliver compliantly prior to the development of a full business case.

5.4.2 The initiation stage provides the opportunity for early engagement across the North East CA, providing the appropriate support and guidance to ensure high quality project/programme development in line with agreed standards.

5.4.3 All investment proposals are required to complete a Project Initiation Paper (PIP) which will provide a summary of the proposed investment. The content and approach to engagement will be proportionate to the scale of investment.

5.4.4 The PIP requires key information including a brief description of the proposal, the need for intervention/ case for change, the outputs (including when, how and who will deliver them), and the associated benefits. It also includes strategic fit and initial equalities, finance and risk detail. The proposed approach to evaluation should also be considered at this stage and will form the project/programme logic model.

5.4.5 The PIP provides a consistent entry point into the Single Assurance Framework that provides the required information to enable early assessment, prioritisation and consideration of the investment proposal.

5.4.6 The process for initiation ensures early engagement with the core areas of the Combined Authority to enable subject matter expert input from an early stage from relevant the North East CA business areas, Legal and Finance.

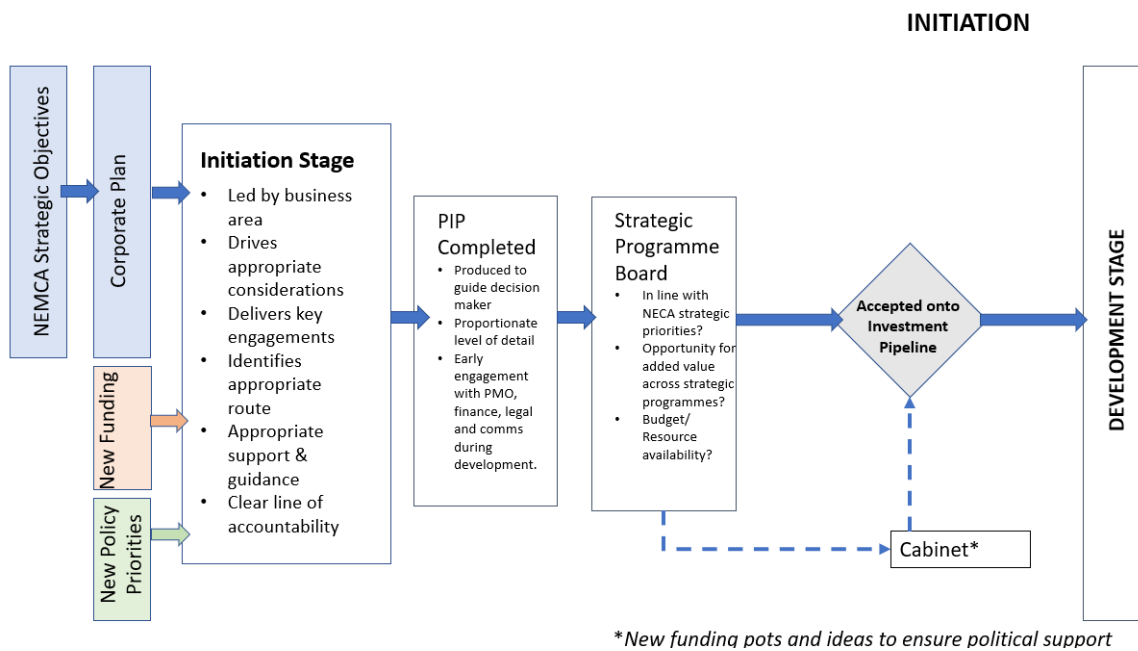
5.4.7 This stage provides preliminary assurance that proposals are in line with strategic priorities, legally compliant, and as to the availability of resources and budget. It also identifies the most appropriate route for the approval of funding.

5.4.8 Strategic Investments will be considered by the Strategic Programme Board (the North East CA’s Senior Management Team, including representation from Finance and Legal) prior to being accepted onto the Investment Pipeline.

5.4.9 Programmes or projects that have gone through the strategic planning process and have been identified for inclusion within the Corporate Plan are then added to the Investment Pipeline, they can be drawn down for business case development in line with the annual business plans and funding availability.

5.4.10 Projects and programmes coming forward of a lower value (below £500,000) and included within the Corporate Plan, will not be required to go to Strategic Programme Board but will be reviewed by the SRO for the business area, finance and legal prior to inclusion on the Investment Pipeline and progression to phase 2: Development.

5.4.11 For project or programme proposals not included within the Investment Framework and/or Corporate Plan, they will be considered by the Strategic Programme Board within the context of Corporate Priorities and the Medium Term Financial Plan in order to make recommendations to Cabinet. Cabinet endorsement will be required prior to acceptance onto the Investment Pipeline and progression to phase 2: Development.



5.4.12 The Combined Authority records all project activity where projects are in a stage of development and delivery. The pipeline will set out details of the project along with the stage it is at, and whether external funding is bid for or offered by sponsoring Government department.

5.4.13 The Strategic Programme Board will receive a monthly report on the Investment Pipeline for review and to hold the relevant SRO to account for progress. This also

provides opportunity for the Senior Management Team to advise on who the lead SRO is where business case development crosses several Business Areas.

5.5 Phase 2: Business Case Development

5.5.1 Purpose: to produce a comprehensive case for funding in line with HMT Green Book principles. The business case will be subject to a technical appraisal undertaken from outside the Business Area, to provide assurance to decision makers that investment proposals meet the agreed standards and compliance requirements, in line with recognised best practice.

5.5.2 This stage needs to be repeated whenever a business case is developed and requires approval. Support and guidance through this stage is provided by the Programme Assurance Team whose expertise includes assurance and appraisal.

5.5.3 The business case is developed (or managed where development is led outside the Combined Authority) 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 and HMT's five case model Green Book compliance. It should also seek alignment to Policy Aims and Objectives, whilst meeting any funding requirements and/or milestone dates/requirements.

5.5.4 Where delivery partners are external to the Combined Authority, they will be supported through the process by the lead Business Area within the Combined Authority. The delivery partner will use the appropriate business case guidance and templates provided, subject matter experts and technical appraisers.

5.5.5 The subject matter experts to be engaged in the development stage include the Programme Assurance Team for assurance and appraisal, the Evaluation Team, Finance, Legal and Procurement who should all input into the business case, and its review prior to approval.

5.5.6 The lead Business Area is responsible for ensuring they or any partner meet deadlines, engage the appropriate subject matter experts and technical appraisers, and adhere to required formats when developing a business case.

5.5.7 The Programme Assurance Team can provide advice on the requirements of the SAF if needed, at the start of and during the Business Case development stage. Sponsors must ensure their business case is developed and is aligned with any external development and assurance requirements (driven by Government Departments), with the aim to eliminate duplication of effort.

5.5.8 Where projects are funded through multiple streams, the proportionate SAF approach will be agreed by the appropriate delegated authority and implemented.

5.5.9 Early engagement with the Programme Assurance Team will ensure the required assurance and appraisal is undertaken and ensure that any recommendations can be addressed, and business cases updated within the timescale agreed.

5.5.10 Business Cases. 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. The business case will include a developed logic model to support effective evaluation.

5.5.11 As stated above, business cases will set out the options available. This will be done in line with Green Book principles and include appraisal of shortlisted options including a do minimum option.

5.5.12 The do minimum option does not take advantage of any opportunities for additional changes that may occur. It may or may not be the option eventually chosen, but it is essential because it provides an important benchmark that can reveal the real value of additional changes.

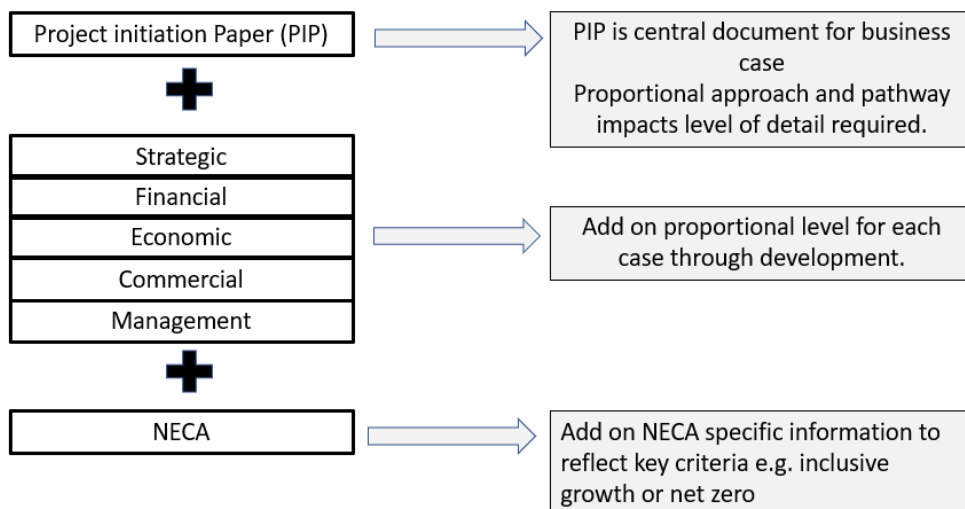
5.5.13 Business case development expertise can be provided by the Programme Assurance Team and/or procured externally to ensure HMTs five case model is adhered to, all business cases must be prepared using the North East CA templates and according to the following elements:

Five Case Model	Description
Strategic Case	The strategic case sets out the rationale for the proposal; it makes a compelling case for change at a strategic level. It should set out the background to the proposal and explain how the project provides fit with the North East CA's strategic objectives, as well as any relevant local and/or national strategic priorities.
Economic Case	The economic case is the essential core of the business case and should be prepared according to HMT's Green Book guidance. This section of the business case assesses the economic costs and benefits of the proposal to society as a whole, and spans the entire period covered by the proposal.
Commercial Case	The commercial case is concerned with issues of commercial feasibility and sets out to answer the question "can the proposed solution be effectively delivered through a workable commercial deal or deals?". The first question therefore is what procurement does the proposal require, is it crucial to delivery, and what is the procurement strategy?
Financial Case	The financial case is concerned with issues of affordability, and sources of budget funding. It covers the lifespan of the scheme and all attributable costs. The case needs to demonstrate that funding has been secured and that it falls within appropriate spending and settlement limits.

Management Case	The management case is concerned with the deliverability of the proposal and is sometimes referred to as a programme management or project management case. It confirms that the capacity is available and proportionate to the delivery requirements. The management case must clearly set out management responsibilities and governance and reporting arrangements. If it does not, then the business case is not yet complete. The Senior Responsible Officer should be identified.
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5.5.14 The Project Initiation Paper (PIP) is the central document from which the business case is built, each case is expanded throughout the development process to include further detail proportional to the scale of the investment. As appropriate, information to reflect key criteria for specific funding is also included.

Business Case Approach



5.5.15 **Technical appraisal.** All business cases will be subject to a technical appraisal against the five cases and additional criteria (as required). Objective appraisals will be undertaken outside of the business area leading on the development of the investment proposal ensuring a clear separation of duty. In some instances, for example particularly high value, contentious or novel investments, appraisals may be undertaken by external technical experts appointed by the North East CA.

Where appropriate for the scale of funding and type of activity, the appraisal will assess the Benefit to Cost ratio (BCR) and/or Net Present Social Value (NPSV). This assessment will be provided to support the decision-maker. In principle, projects demonstrating a positive NPSV and BCR will be prioritised. When assessing the BCR the Investment Panel will use the following scale (not including transport where VfM is assessed in line with DfT guidance):

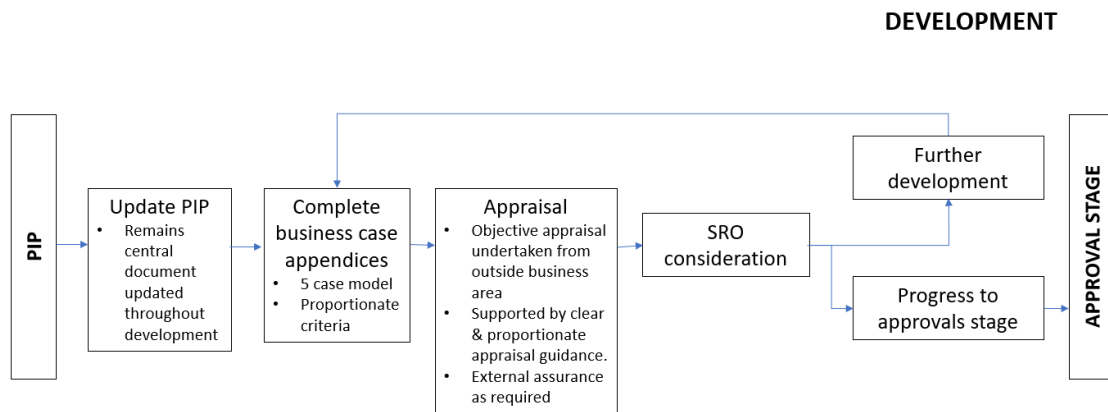
- BCR < 1: Poor VfM
- 1 < BCR < 1.5: Low VfM
- 1.5 < BCR < 2: Medium VfM
- BCR > 2: High VfM

An assessment of the non-monetised benefits will also be included and taken into account as part of the appraisal recommendation.

5.5.16 A proportionate approach is taken to the overall level of appraisal to reflect the financial ask.

5.5.17 Subject to SRO agreement, following review of the completed technical appraisal, investment proposals will progress to the approval stage.

5.5.18 The business case development process operates as follows:



5.6 Phase 3: Approvals

Purpose: To take funding decisions on business cases developed following the principles set out above, in line with the Combined Authority’s constitution.

5.6.1 The approvals phase has been designed to ensure an ever increasing level of assurance can be provided the Combined Authority relevant to the level of financial commitment. To support this and achieve better informed decision making the SAF has been developed to enable:

- Appropriate front end initiation process through the project initiation process that drives strategic fit.
- Proportionate business case development process that meets national and Combined Authority standards of best practice.
- Appropriate use of expertise within Business Areas to support business case development.
- A skilled Programme Assurance Officer to provide support and guidance throughout the SAF.
- Use of out of Business Area/second line of defence assurance principles and processes to undertake proportionate appraisal.
- Technical officer support through Technical Officer’s Group (TOG) to focus Investment Board and Cabinet considerations and inform the decision-making process.

5.6.2 The approvals process is therefore supported through delivery of the following elements of assurance prior to entering the approvals phase:

1. Front end project/programme initiation process that seeks Senior Management Team support, ensures involvement of relevant business areas from an early stage.
2. Delivers a Principle of Approval by ensuring the Combined Authority Cabinet provides an approval for concept to enter the business case development phase either through inclusion in the Corporate Plan or via approval of in-year proposals.
3. Delivers business cases that must be developed in line with HMT's Green Book and Combined Authority standards regarding strategic fit that drive value for money considerations and quality of content within business cases.
4. Delivers second line defence appraisal of business cases in line with HMT Green Book principles.
5. Delivers an objective appraisal report from the Programme Assurance Team on all business cases to inform the North East CA SRO in progressing them to the approvals phase and assuming responsibility for their content.

5.6.3 The 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, in turn driving better decision-making.
- Increased Director (SRO) ownership and accountability.
- Increased Statutory Officer involvement or 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 as a request for £5million.
- The time taken to reach an approval decision being reflective of the financial ask.

5.6.4 The business case approvals phase begins following successful progression through the SAF phase 2 development, which requires a Director (SRO) decision to progress the business case into approvals.

5.6.5 **Approval Routes.** The required approval route is dependent on the level of financial approval that is required. In principle, the approach to business case approvals will be as follows:

- £1 million and under: Chief Executive, also known as the Head of Paid Service (HOPS), approval
- Over £1 million and up to and including £5 million: Chief Executive approval in consultation with Investment Board
- Over £5 million: Cabinet approval

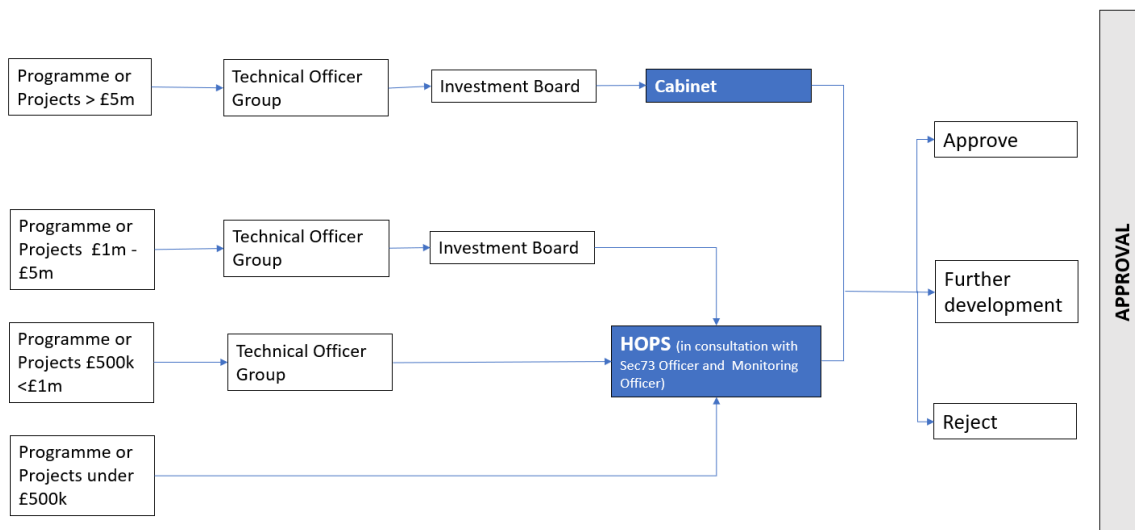
5.6.6 These approval routes are supported by Technical Officers Group (TOG) who provide technical test and challenge of business case proposals and make recommendation to the Chief Executive, Investment Board and Combined Authority Cabinet.

5.6.7 TOG members will be expected to not only push the key lines of enquiry relevant to producing a quality business case but also in ensuring that agreed priorities of the North East CA have been adequately addressed.

5.6.8 The Investment Board will consider the advice provided by TOG 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 Cabinet, to support Cabinet the Investment Board will consider such approvals first and make a recommendation on approval to Cabinet.

5.6.9 These approval processes also involve an option of escalated progression to support the decision-maker if they have any concerns regarding a business case approval that has a significant reputational and/or political risk. In such circumstances approvals can be escalated to Cabinet for final approval in line with the approval requirements set out in 5.6.

Business Case Approval Process:



Formal decisions by the Combined Authority to commit funding on the basis of a business case approval will be made in accordance with the Combined Authority’s constitution by the Mayor and Cabinet or by officers under delegated powers.

5.6.10 The required SAF documentation

The process illustrates that the level of approval required is determined by the level of financial commitment, the following diagram provides an overview of the documentation required depending on the approval route taken:

NECA Chief Executive	Investment Board	Cabinet
<p>Initiation</p> <ul style="list-style-type: none"> PIP Strategic Programme Board Assessment (Investments > £X or In year proposals) Report to Cabinet (In year proposals) <p>Development</p> <ul style="list-style-type: none"> Business Case Business Case Appraisal SRO sign off S73 and Monitoring Officer sign off <p>Approvals</p> <ul style="list-style-type: none"> TOG technical challenge and advice (if over £500k) 	<p>Initiation</p> <ul style="list-style-type: none"> PIP Strategic Programme Board Assessment (Investments > £X or In year proposals) Report to Cabinet (In year proposals) <p>Development</p> <ul style="list-style-type: none"> Business Case Business Case Appraisal SRO sign off S73 and Monitoring Officer sign off <p>Approvals</p> <ul style="list-style-type: none"> TOG technical challenge and advice Investment Board Report 	<p>Initiation</p> <ul style="list-style-type: none"> PIP Strategic Programme Board Assessment (Investments > £X or In year proposals) Report to Cabinet (In year proposals) <p>Development</p> <ul style="list-style-type: none"> Business Case Business Case Appraisal SRO sign off S73 and Monitoring Officer sign off <p>Approvals</p> <ul style="list-style-type: none"> TOG technical challenge and advice Investment Board consideration and recommendation Cabinet Report
Up to £1m	£1m - £5m	> £5m

5.6.11 **Business case approvals up to £500k** are approved by the Chief Executive, in consultation with the S73 Officer and Monitoring Officer, under the Cabinet approved delegated authority. Business cases are progressed for approval following sign off by the relevant North East CA Director (SRO), who approves the business case as complete and takes on responsibility for its progression through the approvals phase.

The Chief Executive will then consider the business case for approval under delegated authority.

5.6.12 **Business case approvals over £500k and up to £1 million** are approved by the Chief Executive, in consultation with the S73 Officer and Monitoring Officer, under the Cabinet approved delegated authority. Business cases are progressed for approval following sign off by the relevant North East CA Director (SRO) as described above. Business cases are initially reviewed by TOG in order to deliver a technical assessment, test and challenge the proposal. The TOG will provide the Chief Executive with a summary on each business case proposal, noting observations to consider, including the strengths and weaknesses of a proposal, observations on the level of investment risk, key lines of enquiry to follow up on and providing any recommendations for improvement or to mitigate risks. This may lead to conditions to be added to funding agreements, conditions for withdrawal of support, additions to monitoring and evaluation plans.

The Chief Executive will then consider the business case for approval under delegated authority.

5.6.13 **Business case approvals over £1 million and up to and including £5 million.** As set out above approvals over £1 million and up to £5 million in value are initially reviewed by TOG, who will provide the Investment Board with a summary on each business case proposal as described in 5.6.12. This may lead to conditions to be added to funding agreements, conditions for withdrawal of support, additions to monitoring and evaluation plans.

The Investment Board will then consider and make a recommendation to the Chief Executive as they have the delegated authority to approve.

5.6.14 Business case approvals over £5 million. For approvals over £5 million the process is as described in 5.6.13 with the Investment Board making a recommendation to Cabinet on approval, rather than the Chief Executive. The Cabinet will then take the approval decision.

5.7 Subsidy Control.

5.7.1 The North East Combined Authority will ensure that all public funded programmes and projects are delivered in line with Subsidy Control law. This will include assessing all applications against the relevant requirements (which at this time are primarily set out in the Subsidy Control Act 2022 as clarified in the Statutory Guidance) and where necessary making referrals to the Competition and Markets Authority prior to an award being made.

5.7.2 All grant funding agreements will contain appropriate legal conditions on Subsidy Control. Where a misuse of a subsidy is identified, the Combined Authority may exercise its right under Section 77 of the Subsidy Control Act 2022.

5.7.3 Subsidy Control will be considered as part of the decision making process. The Combined Authority will conduct appropriate legal due diligence should it determine that the characteristics of the proposal require additional scrutiny, including if a proposed measure is novel, contentious or repercussive.

5.7.4 Records of compliance will be kept. The transparency requirements set out in the Subsidy Control Act 2022 will be satisfied, in line with the relevant timescales.

5.8 Management of contracts and funding awards.

Following Approval, the Programme Assurance Team will send out a Funding Offer Letter, which includes the following: Project Name, Applicant, Maximum Funding contribution (£), with details regarding when payment is to be issued, what is eligible expenditure, commencement and completion dates. This will be subject to review and sign off by the North East CA Legal team prior to issue.

The Funding Offer Letter will also set out the monitoring and evaluation requirements and process to be followed.

Contracts for Investment Funds are managed within the Programme Assurance Team.

6. Delivery, Monitoring and Evaluation

6.1 Release of Funding. The Combined Authority S73 Officer inputs into all funding decisions and must be satisfied prior to funding being released in line with appropriate conditions.

6.1.1 Funding claims submitted to the Combined Authority are checked against the approved project baseline information, which is included within the original funding agreement/contract including financial profiles, outputs and outcomes. Subject to a satisfactory review, payments will be released quarterly in arrears unless otherwise agreed.

6.1.2 A mechanism for 'claw-back' provision is to be included within funding agreements/contract to ensure funding is spent only on the specified scheme and linked to the delivery of outputs and outcomes.

6.1.3 Sample testing of invoices against expenditure and sample testing to verify outputs forms part of the monitoring process. This is part of the programme assurance role of the Combined Authority.

6.2 Performance Reporting. The Combined Authority Performance Management Framework works in close alignment with the Single Assurance Framework to ensure there is a consistent, streamlined and joined-up approach to performance. The framework sets out our performance management approach, governance and processes.

6.2.1 The English Devolution Accountability Framework (EDAF) provides guidance on how Mayoral Combined Authorities should be accountable to local scrutiny, the public and UK Government. Our Performance Management Framework supports us to comply with the standards in the EDAF, and how the Combined Authority is committed to delivering good governance and strong measures of accountability.

6.2.2 The performance management framework includes how we are accountable to:

- Local Scrutiny – through corporate performance reporting, committee reporting, directorate business plan reporting and project reporting.
- The Public – through Committee Meetings, Mayoral Question Time, Social and Digital Media, Performance Dashboard, Engagement with Partners and State of the Region Review.
- UK Government – through reporting to various Government departments including the Department for Levelling Up, Housing and Communities, Department for Education and Department for Transport.

6.2.3 The Combined Authority is committed to implementing an organisation wide performance management culture and embedding a culture of continuous improvement.

6.3 Risk Management. The Combined Authority Risk Management Framework forms part of the Single Assurance Framework, to ensure there is a consistent, streamlined and joined-up approach to managing risk.

6.3.1 The Risk Management Framework has been based upon the principles of the HMT Orange Book (2020); these are governance, integration, collaboration, processes, and continual improvement. The objective of the framework has been to adapt these principles to the Combined Authority's ways of working, ensuring compliance with our Single Assurance Framework.

6.3.2 The Orange Book states that, in successful organisations, risk management enhance strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced. Risk management, is therefore an essential and integral part of the Combined Authority's planning and decision-making, enabling us to successfully meet our objectives.

6.3.3 The Risk Management Framework includes:

- Our Corporate Risk Appetite
- Escalation procedure
- Roles and Responsibilities
- The various levels of risk management at a Corporate, Service/Programme and Project level.
- Our processes and tools within our risk procedure document.

6.3.4 The North East CA is committed to implementing an organisation wide risk management culture that demonstrates high levels of risk maturity and best practice in the identification, evaluation and effective management of risk in respect of current activities and new opportunities.

6.3.5 The Chief Executive working closely with the Chief Operating Officer, is accountable for ensuring that Corporate Risk Management is being completed to the appropriate standard in line with the Risk Management Framework. This includes ensuring risks are captured and updated and that mitigating actions have been completed. The Senior Management Team will review the risk on the register quarterly. Directors and Heads of Service are accountable for the service level risk registers within their remit, and project managers for project level risks.

6.3.6 The Chief Operating Officer's team will ensure these reviews are effectively managed and coordinated, as well as collating information to support effective decision-making and developing the associated risk reports. They will support the Audit and Standards Committee and other governance forums to consider the management of risks, and how risk is integrated with discussion on other matters.

6.3.7 The Audit and Standards Committee is responsible for overseeing the Combined Authority's Risk Management Framework and Procedures and the Corporate Risk Register, to ensure that risk management is being undertaken to the appropriate standard and in line with the Risk Management Framework.

6.4 Change Requests and Funding Clawback. Change Control is the process through which all requests to change the approved baseline of a project or programme are captured, evaluated, and then approved, rejected or deferred. A change request form is required when the tolerances that were set out in the approved Business Case are or will be breached. This included changes to Time, Cost and Scope.

6.4.1 All early warnings and project change requests must be clearly documented, with evidence of approvals and notifications saved where applicable and recorded.

6.4.2 Approval routes should always be led by the delegation amount and proportionate, this means change requests do not need to be approved by the 'original approver'. For example, a project requests a minor time extension, and no additional funds are required. The original business case may have been approved by Cabinet but there is no need for Cabinet to be sighted on a 'minor' change as this could delay project progress and cause further time delay while they wait for the next bi-monthly Cabinet meeting.

6.4.3 Where an increase in funding is required, this will need to go to the appropriate Board or Cabinet for approval, in line with agreed delegations.

6.4.4 Early warning notifications should be reported to the Strategic Programme Board at the earliest opportunity, who will escalate as appropriate.

6.4.5 Change tolerances above those detailed within the approved business case and/or above the tolerance levels set out in the Change Management procedure must be considered for approval by Investment Board.

6.4.6 Funding clawback and recovery processes for underperforming projects are to be clearly addressed in the funding agreement/contract.

6.5 Monitoring and Evaluation. The Combined Authority Monitoring and Evaluation Framework has been developed in accordance with HMT's Magenta (Guidance for Evaluation) and Green (Guidance on Appraisal and Evaluation) Books. The overall approach to monitoring and evaluation is underpinned by the following principles:

- Reporting requirements are locally defined and reported to the Senior Management Team in a consistent fashion.
- Evaluation is meaningful and proportionate.
- Data is collected once and used many times to inform other critical documents, such as the Business Planning process and Annual Report
- Baseline information is consistent across key initiatives.
- Monitoring and evaluation is a core part of all activities.
- Lessons learned are used to inform future policy, projects and programmes, especially in the strategic planning process.

6.5.1 All projects that go through the SAF, will have an effective monitoring and evaluation plan which will form an important component of the business case. This will help assess the effectiveness and impact of investing public funds, and the identification of best practice and lessons learnt that can inform future delivery.

6.5.2 The monitoring plan will guide the collection of data from individual projects and will be designed to ensure that it meets the requirements of both the Combined Authority and Government. This framework aims to ensure that these commitments are delivered by setting out the approach, principles, role and responsibilities for the monitoring and evaluation of projects and programmes both in the Devolution Deal and within any wider Combined Authority activity.

6.5.3 The monitoring plans will be proportionate and in line with the latest government department guidance where relevant. For example, all transport schemes (over £5m) will follow Monitoring and Evaluation Guidance for Local Authority Major Schemes. The draft plans are created by the project manager and then consulted upon with the Programme Assurance Team and evaluation team, to ensure consistency, quality of plans and value for money for any planned external consultancy to support evaluation as applicable. Plans are then signed off as per the governing arrangements for that specific project.

6.5.4 The Combined Authority has a varied level of evaluation depending on the nature of each project as per the Monitoring and Evaluation Framework, this will depend on the following questions:

- Is the project funded through Investment (Gainshare) funding (in the North East CA's case the core agreement with central government to devolve £48m per year over 30 years) or Transforming Cities Funding? If so, it is subject to the agreed independent national evaluation framework process.
- Is the project funded through other streams and identified as being important in terms of the expected benefits to be achieved? If so, it is subject to a full independent evaluation commissioned by the North East CA locally.
- Is the project identified as one where significant learning is available that would help to inform future policy making either locally or nationally? This will include projects that are innovative or considered 'pilots'. If so, evaluation work in this case would either be commissioned independently or carried out locally within the public sector.
- Other projects not included above would be subject to 'self-evaluation' based on an agreed approach within submitted business cases. The funding partner may be responsible for this.

The approach to evaluation will be set out within the initiation documentation and Business Case and agreed through the approval stage.

Where the North East CA is awarded funding from Government, they will meet the required obligations regarding monitoring and evaluation on the acceptance of grant funding.

6.6 The Importance of Monitoring and Evaluation. The Combined Authority is committed to effective monitoring and evaluation so that it is able to:

- **Provide local accountability** to the public by demonstrating the impact of locally devolved funding and the associated benefits being achieved.
- **Provide accountability to Government** and comply with external scrutiny requirements i.e. to satisfy the conditions of the Devolution Deal. Specifically, the Monitoring and Evaluation Framework will be used to demonstrate local progress and delivery to senior government officials and Ministers who are ultimately accountable for devolved funds.
- **Understand the effectiveness of policies or investment** and to justify reinvestment or modify or seek alternative policy. The Monitoring and Evaluation Framework provides a feedback loop for the Combined Authority and relevant stakeholders.

- **Develop an evidence base for input into future business cases and for developing future funding submissions.** The Monitoring and Evaluation Framework will define the principles of collection, collation and analysing data which can be utilised for future work and especially in relation to economic impact of particular interventions creating 'benchmarks'.

6.6.1 Lessons learnt from evaluation will be reported to the Combined Authority Cabinet and across the governance framework as required.

6.6.2 The Assurance Framework itself will undergo review by the Audit and Standards Committee.

6.6.3 Five-Year Gateway Review. The North East CA will be subject to five-yearly Gateway Reviews to assess investment impact of the Investment Fund and has developed a Local Evaluation Framework, in line with Government expectations to support this process. The North East CA will be subject to an independent panel review to assess the impact of its Investment Fund expenditure.

7. Communications

7.1 Engagement of Local Partners and the Public.

A suite of communications guidance for funding streams has been developed, owned by the Communications and Engagement Team.

Communications objectives are to:

- Keep the public and stakeholders informed about the progress and milestones of devolution.
- Encourage the public and stakeholders to get involved in engagement or consultation activities.
- Build support for the North East devolution by sharing the vision, ambitions and the benefits it will have for local people.
- Ensure the North East CA's position is presented fairly and accurately in any related media coverage.

All communications activity complies with the code of recommended practice issued under the Local Government Act 1986. The code requires that any publicity describing the Combined Authority's activities and aims should be as objective as possible, concentrating on facts or explanation or both. Any comment should be objective, balanced, informative and accurate. All publicity and comments are free from political bias.

7.2 Communications tools.

Primary communications tools are:

- Website: All information about the North East CA, including background information, timelines, news and events, will be published on the the North East CA [website](#).
- Social media: All news, updates and events will be shared via social media.
- A suite of funding publicity guidance for beneficiaries/ delivery partners will also be available on the website.

7.3 Working with the media.

The North East CA will actively engage with the media to amplify messages to the broadest possible audiences.

7.4 Accessibility.

All communications relating to the Combined Authority are accessible and transparent. Stakeholders and the public will be kept updated with progress, delivery and decision making. It also supports effective and meaningful engagement activity to encourage participation in the relevant activities and enable local partners and the public the opportunity to inform key decisions and future strategy development.

The communications approach takes into account the requirements of the following:

- Project applicants
- Governance requirements
- Wider partnership requirements; and
- Communities' requirements.

Annexes

8.0 Transport Projects

8.1. Transport Assurance Overview - For the purposes of the Single Assurance Framework (SAF) a transport scheme is defined as any scheme that significantly changes the transport network infrastructure or its operation, whatever the objective of the scheme. All transport schemes will be delivered in line with the requirements of the English Devolution Accountability Framework and any additional fund specific requirements set out by Government as necessary.

8.1.2 The SAF ensures a flexible and proportionate approach, enabling transport business cases to retain the benefits of local assurance in terms of speed of decision making.

8.1.3 For transport infrastructure schemes, the Combined Authority will ensure that modelling and appraisal is sufficiently robust and fit for purpose for the scheme under consideration, and that modelling, and appraisal meets the guidance set out in TAG.

8.2 City Region Sustainable Transport Settlement (CRSTS) - City Region Sustainable Transport Settlement (CRSTS) funding has been allocated by government to eligible Mayoral Combined Authorities inclusive of funding for Highways Maintenance, with the North East's eligibility outlined within the North East Devolution Deal.

8.2.1 Delivery of CRSTS will align with the business case submitted to government, and will include an agreed delivery programme and list of identified schemes for investment through the North East's CRSTS. The business case also confirms the governance and assurance requirements, proportionate to the scale of the investment.

8.2.2 CRSTS investment activity will be appraised, delivered, monitored, and evaluated in line with the principles set out within the SAF with additional information included to ensure the conditions of the funding are met in full. Ongoing quarterly monitoring and evaluation will be undertaken by DfT, the North East CA will also adhere to the government's CRSTS change control process. For any CRSTS scheme retained by DfT the North East CA will adhere to departmental assurance requirements.

8.2.3 CRSTS funding awarded to Local Highways Authorities for highways maintenance will be outlined within the North East Transport Asset Management Plan (TAMP). The monitoring of spend and delivery will be in accordance with government guidance and the conditions of CRSTS funding. To enable delivery of the CRSTS programme in the available timescales, the application of the SAF will be proportionate with funding decisions expedited and delegated as described in sec 5.5.8 of the SAF and where it is appropriate to do so.

8.3 Transport Project Prioritisation - The Transport Plan Delivery Plan forms a pipeline of transport investment proposals building on the model initially adopted in the 2019 North East Local Transport Plan. In order to be considered for investment through the North East CA's devolved funds, and for transport funding opportunities provided for by non-devolved funds, projects must be included with the Transport Plan Delivery Plan.

The Transport Delivery Plan forms part of the project initiation process for transport schemes.

8.3.1 For transport investments, scheme promoters are required to complete a bespoke project initiation paper (PIP) form - 'the scheme identification and prioritisation pro-forma'; this document includes more detailed transport specific criteria. The information provided in these pro-formas is used to both prioritise candidate schemes and to sift out schemes that do not meet the eligibility requirements of funding opportunities.

8.3.2 The criteria upon which transport proposals will be assessed are:

- A qualitative assessment of how the project achieves regional and/or programme objectives
- Value for money, measured either through an economic appraisal that provides a benefit cost ratio (BCR), or a qualitative statement of value for money when an economic appraisal has yet to be conducted
- Deliverability to timescales/funding window
- Risk profile

8.3.3 The prioritisation of transport projects and schemes adopts a model similar to the Department for Transport Early Assessment Sifting Tool (EAST), with clear priorities, driven by the North East's economic, decarbonisation and health objectives.

8.3.4 The process also involves a rigorous review and challenge of any: planning powers and/or consents that may be required for the project to progress, construction issues involved, the certainty of third-party funding and consultation evidence on the public acceptability of the proposal.

8.3.5 A scoring mechanism is used, whereby options are appraised and assigned a score. This will facilitate onwards ranking and prioritisation of options with unfeasible options removed.

8.3.6 The prioritisation process, identifies preferred local transport investments for funding opportunities and is central to local decision making. The process is designed to be robust, evidence based, and transparent in line with best practice.

8.3.7 This process ensures all transport investment will deliver the strategic objectives of the North East Combined Authority, described in the Investment Framework, and the North East Local Transport Plan (LTP). Statutory requirements, conditions of funding and other local transport objectives also form a key component of investment decisions, with the particular objectives and priorities of each funding stream made available by Government taken into account.

8.4 Appraisal The appraisal process for the SAF is consistent with HM Treasury's Green Book and Business Case Appraisal process. For transport schemes this includes supplementary and departmental guidance, such as the Department for Transport's (DfT) TAG appraisal guidance.

8.4.1 The North East CA will ensure Value for Money (VfM) and transparency of transport schemes through the following Transport Project Business case assessments:

Appraisal Summary Reports (ASR), Outline Business Cases (OBC) and Full Business Cases (FBC).

8.4.2 The assessment requirement will be proportionate to the scale of the investment as set out in the table below.

Scale of Scheme	Business Case Assessment requirement*
<£250,000	Business Justification Case
£250,000 - £1m	Full Business Case (no Outline Business Case required)
£1m - £5m**	Outline Business Case, Full Business Case
>£5m	Outline Business Case, Full Business Case and Appraisal Summary Report

*in line with DfT guidance

** For novel or contentious investments an addition business case stage comprising of an appraisal summary report may be included.

8.4.3 Decisions will be taken appropriate to the phase of a scheme and greater scrutiny and emphasis on VfM will be undertaken as schemes progress through the ASR, OBC and FBC process, with greater scrutiny of final stage VfM.

8.4.4 The transport team within the North East CA will be responsible for ensuring that modelling and appraisal is sufficiently robust and fit for purpose for the scheme under consideration, and that it meets the guidance set out in TAG. In addition to TAG, other robust or evidence-based assessments or methodologies may be employed to assess the overall business case of a scheme.

8.4.5 WebTAG will be used for all schemes but for schemes with low value (below £5m) a proportionate approach will be taken.

8.4.6 There is a general expectation that all schemes must endeavour to achieve “high” VfM, where benefits are at least double costs as set out within DfT’s guidance, at all stages of the approval process.

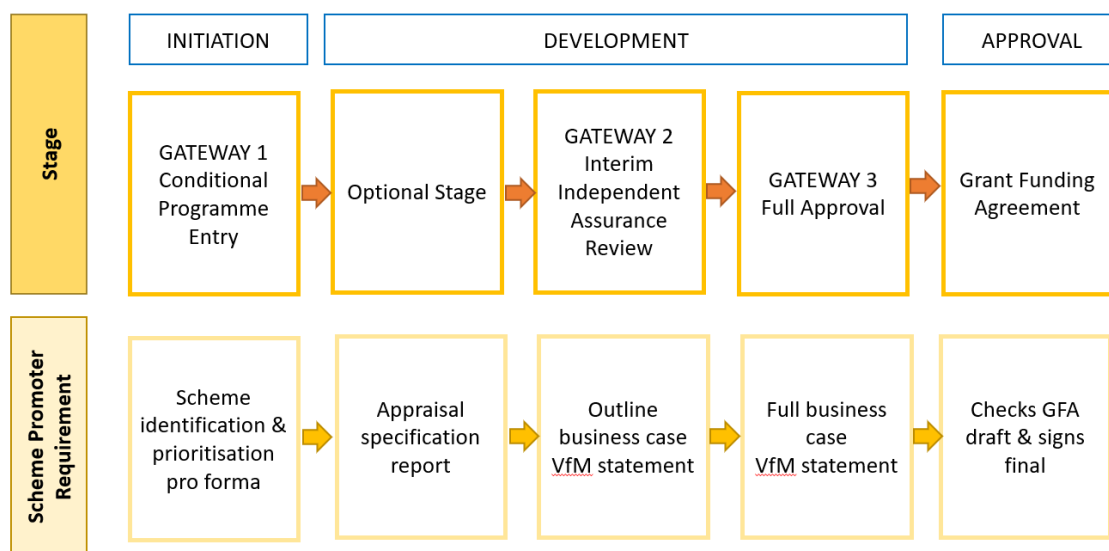
8.4.7 VfM for transport schemes will be independently scrutinised on behalf of the North East CA as part of the appraisal process. This will be undertaken either by expertise in house with responsibility sitting outside of the business area developing or promoting the business case or via a commission to a specialist transport consultant, fully independent from the scheme promoter and with no involvement in the development of the scheme being appraised.

8.4.8 The modelling and appraisal of schemes contained in business cases will be developed in accordance with the guidance published in TAG at the time the business

case is submitted for approval. Central case assessments will be based on forecasts which are consistent with the definitive version of NTEM (DfT’s planning dataset).

8.4.9 Alternative planning assumptions may be considered as sensitivity tests, the results from this may be considered as part of the decision-making process to approve a scheme. Appraisal and modelling will be scrutinised to ensure it has been developed in accordance with TAG principles. This will be undertaken through the independent appraisal process and overseen by the North East CA’s transport function.

8.4.10 A value for money statement for each scheme in line with published DfT TAG guidance and DfT advice on assessing VfM will be presented for consideration at the approval stages noted in the graphic below:



8.5 Approval - The CRSTS Business Case will be approved by Cabinet. Subsequent investment decisions for CRSTS investments will be taken in line with the SAF, including agreed delegations dependent on scale.

8.5.1 Where several individual projects contribute to shared overarching aims and objectives a partial Programme Full Business Case will be developed with some matters reserved. The Management dimension of the business case will identify the delegated arrangements for the approval of expenditure on each of the individual elements or projects. This approval process will be agreed as part of the business case approval and typically involves the production of an assurance statement.

8.6 Value for Money Transport Schemes - The Value for Money assessment ensures that there is a robust economic case for the scheme to be supported by North East CA funding. This follows DfT Transport Appraisal Guidance to generate a consistent presentation of the value for money based on a benefit cost ratio and an assessment of the non-monetised impacts for each scheme. The strategic fit test is driven by the

potential contribution of each scheme to the achievement of local objectives, as set out in the Investment Framework and The Local Transport Plan.

8.6.1 Independent assessment of VfM will be based upon the BCR of the scheme and also consider both qualitative and quantitative evidence of both monetised and non-monetised costs and benefits. It is expected that scheme promoters will reference appropriate and proportionate use of the DfT's guidelines in presenting value for money evidence.

8.6.2 The North East CA will endeavour to maximise VfM in the use of public funds, however, this will not always translate to prioritising the investment option with the highest BCR, as there may be non-monetised benefits, or substantial project risks that outweigh the lower ratio of monetised benefits. The Combined Authority will ensure that value for money is taken in the context of whether a proposal achieves its strategic objectives, rather than whether BCR which is 'strong', as there might be alternatives where the BCR does not align as clearly with the Authority's strategic objectives set out in key policies including the Local Transport Plan. This will be considered as part of any local decision making.

8.6.3 The Combined Authority's S73 Officer will sign off all Value for Money statements undertaken whether in the form of a business case or in signing off the independent assessment.

8.7 Cycling and Walking Schemes - All cycling and walking schemes must meet the latest standards set out in Local Transport Note 1/20 Cycle Infrastructure Design (LTN 1/20). To ensure consistency in the quality and safety of schemes, Active Travel England (ATE) will provide support to ensure cycling and walking schemes are designed and delivered to high standards, including compliance with LTN 1/20. The North East CA will work with ATE and all its constituent authorities to ensure the design quality of all active travel schemes funded through the North East CA is in line with relevant design guidance, with design reviews undertaken prior to any scheme approval.

8.8 Delivery - The North East CA's transport function, as the accountable business area will carry out the programme management of agreed transport schemes, to ensure their delivery by scheme promoters. The identification of schemes, development of scheme proposals and completion of business cases is the responsibility of scheme promoters, supported by the Transport team and subject matter experts within the North East CA.

8.8.1 This working arrangement will be underpinned by the establishment of formal grant funding agreements, signed off by the Monitoring Officer as described in section 6 of the SAF, that protect the financial interests of the North East CA and enables the North East CA to fulfil its responsibility to deliver VfM whilst setting out respective responsibilities including reporting and audit requirements.

8.8.2 Business cases will be published on the North East CA website in line with DfT guidance and published where it is appropriate to do so as part of submission for the decision to approve funding.

8.9 Monitoring and Evaluation - All transport schemes exceeding £5m in monetary value will follow Monitoring and Evaluation Guidance for Local Authority Major Schemes.

9.0 Adult Education Budget Programme

All investment decisions made in relation to this funding are undertaken having given full consideration to:

- Statutory duties relating to adult education and training which have been transferred to the Combined Authority under Statutory Instruments.
- Statutory entitlements to education and training of adults living in devolved areas, and policy entitlements where relevant.
- Statutory and non-statutory guidance.

9.1 The North East CA's Strategic Skills Plan sets out the strategic vision and priorities for all skills funding and programmes. There is an implementation plan that provides clear direction of how devolved funds should be commissioned. The Strategic Skills Plan supports the North East CA's Corporate and Investment Plans as well as key priorities in the region's Local Skills and Improvement Plans (LSIPs).

9.2 Annual Assurance Report - The Combined Authority produces an Annual Assurance Report on the delivery of its Adult Education Budget functions in line with wider monitoring and evaluation requirements and the English Devolution Accountability Framework. This is reported to the Department for Education (DfE) by 31 January each year.

9.2.1 The Combined Authority will also submit its Annual Assurance Statement to the DfE in July each year following consideration by the Education, Inclusion and Skills Portfolio Advisory Board and Investment Board.

9.3 Funding Requirements - The Combined Authority publishes its Funding & Performance Management Rules specific for each academic year. This document sets out the conditions of AEB funding and apply to all providers who receive AEB funding from the Combined Authority.

9.4 Stakeholder Engagement - The CA regularly consults with its key stakeholders, including providers and learners, in order to best inform policy direction and decision making.

9.5 Local Skills Implementation Plan (LSIP) - Alongside the North East CA's Strategic Skills Plan, LSIPs will also set out the current and future skills needs of the region and how local provision can help people develop the skills they need to get good jobs and increase their prospects. We will work with the designated Employer Representative Bodies (ERB's) in the North East CA area, utilising and sharing local labour market intelligence and analysis to inform the commissioning approach for AEB. The North East

CA will also ensure that the AEB responds to the employer feedback contained within the LSIPs for our region.

9.6 Monitoring and Evaluation. The Adult Education Budget reporting will operate in line with the English Devolution Accountability Framework, it will be included within the North East CA monitoring and evaluation submissions as required under the devolution agreement. The Combined Authority has submitted our policies for adult education, these were required as part of the readiness conditions and have been published as part of the commissioning process.

9.6.1 The Combined Authority's Monitoring and Evaluation Framework will be used for the Adult Education Budget activity including the use of logic models. It will meet the national requirements together with locally determined requirements so that it can be used to inform and shape the criteria for future funding awards. This formal evaluation is undertaken on an annual basis.

9.7 Assurance - The Combined Authority is responsible for assuring the use of funds by all training providers and colleges delivering the Adult Education Budget. Wider assurance includes internal controls such as performance management and monitoring, risk management and quality assurance reviews.