

# **Lancashire Combined County Authority – Assurance Framework**

## **Contents**

### **1. Introduction**

This framework summarises the key governance and assurance arrangements for the Lancashire Combined County Authority (LCCA). It was approved and adopted at the first meeting of the Authority.

The Framework describes the checks and balances that are in place to ensure the LCCA uses public money responsibly, openly and transparently, to achieve best value for money for the area. It sets out how the LCCA will be accountable through internal arrangements, such as audit and scrutiny, to the public and to government.

The Framework applies to all decisions, approvals, funding bids, regimes, and projects of the LCCA, and provides the assurance structures within which the LCCA will deliver the Devolution Deal agreed with government in November 2023 and the Proposal document approved by the Constituent Councils in March 2024, as set out in with the Lancashire Combined County Authority Regulations 2024

This Framework will be reviewed at least annually by the LCCA.

### **2. The Constitution**

The Constitution of the LCCA was approved at the first meeting of the Authority, and is available on the LCCA website at [insert weblink]. The Constitution consists of the following sections

1. Introduction, including definitions
2. Articles
3. Responsibility for Functions
4. Rules of Procedure
5. Protocols and Ethical Standards
6. Members Allowance Scheme
7. Management Structure
8. Complaints and Feedback

### **3. The Code of Conduct**

The LCCA has adopted the LGA model code of conduct for members. This document is included in the Constitution. Accompanying protocols and processes have been put in place for:

- a. Registering Interests
- b. Handling complaints under the Code

The LCCA's Audit and Governance Committee will have responsibility for issues relating to standards and conduct.

Registers of Interests are recorded and published on the LCCA's website.

#### **4. The Forward Plan**

The LCCA maintains and publishes a register of forthcoming decisions (“the forward plan”) in accordance with the requirements of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.

It includes a description of the item to be considered; who the decision maker will be; when the decision will be taken; details of any planned consultation; and contact details for further information (including reports and background papers).

#### **5. Internal audit function**

In accordance with the Accounts and Audit Regulations 2015, the Internal Audit function will provide an independent and objective assessment of effectiveness of risk management, internal controls and governance processes operated by the Authority, reporting to management on the effectiveness of how they are performing. This will take into account the requirements of the relevant audit standards.

The role of Internal Audit is to:-

- understand the key risks faced by the organisation and use this to undertake a risk-based approach to the development of an internal audit plan;
- examine, evaluate and test the adequacy and effectiveness of the system of risk management, internal control, governance processes and systems operated throughout the organisation, and
- undertake performance (or value for money) audits to examine whether the Authority is achieving its objective in an economic, efficient and effective way;.

The Authority will have an Audit and Governance Committee, being those Members charged with the governance of the organisation, which will provide oversight to the Internal Audit function. The Committee will approve an Internal Audit Charter, Internal Audit Strategy and a risk-based Internal Plan to guide its work in this area. The Committee will also provide an Annual Report on Internal Audit to the Authority.

#### **6. External auditors**

External Auditors will be appointed from the national collective scheme operated by Public Sector Audit Appointments (PSAA).

External Auditors will be engaged to provide the following as a minimum:-

- an opinion on the Authority’s Statement of Accounts and in particular whether they present a true and fair view of the Authority’s financial position.
- undertaken an assessment of the Authority’s arrangements for securing economy, efficiency and effectiveness in the use of its resources (the value for money assessment)

The External Auditors will work within the framework and guidance provided by organisations such as the National Audit Office, the Financial Reporting Council and the Chartered Institute of Public Finance and Accountancy (CIPFA). It should be noted that, at the time of writing, the Government is currently consulting on proposals to reform the local audit regime so the provision of External Audit, its oversight etc. may well change.

## **7. Freedom of Information Act**

The LCCA operates in accordance with the principles of openness and transparency in its decisions and activities. We aim to proactively publish information about the authority.

Our policy for compliance with the requirements of the Freedom of Information Act is available on our website here [\[link here\]](#)

## **8. HMT Green and Magenta Book requirements**

### **Green Book**

The Green Book is guidance issued by HM Treasury on how to appraise policies, programmes and projects. It also provides guidance on the design and use of monitoring and evaluation before, during and after implementation. Appraisal of alternative policy options is an inseparable part of detailed policy development and design. The Green Book guidance concerns the provision of objective advice by public servants to decision makers, which in central government means advice to ministers. In the LCCA, the decision makers will be the appointed Members. The key specialisms involved in public policy creation and delivery, from policy at a strategic level to analysis, commercial strategy, procurement, finance, and implementation must work together from the outset to deliver best public value.

The Treasury's five case Model will be used by the LCCA as the means of developing and appraising proposals in a way that will optimise the social and public value produced by the application of public funds under the control of the LCCA.

The Green Book is not a deterministic decision-making device, it will be used as a guide to provide a range of models or approaches to support the provision of advice to implement options for delivery of policy objectives in the LCCA's remit. The decision support process will include the scrutiny of business cases and support options appraisal where formal regulatory decisions are required.

The guidance will be applied proportionately with the resources and effort employed should be related to the costs benefits and risks involved to the public sector as a result of the proposals under consideration.

Appraisal will be a two-stage process, the first stage of which is the consideration of a longlist analysis as an options framework and prioritisation based on criterion for each specific programme including any benchmark score for intervention. The second stage appraisal is a short list analysis and will use Cost benefit analysis or social cost effectiveness analysis using the most appropriate tool for each intervention programme.

The key appraisal steps to be undertaken by the LCCA in order to meet the requirements in the Green Book guidance will be:

- Preparing the Strategic Case and defining SMART objectives for the programme along with a call for projects where applicable.
- Longlist Analysis using the appropriate tool for filtering and a viable shortlist prepared for furthermore detailed appraisal.
- Shortlist appraisal where expected Cost and benefits are reviewed, and trade-offs considered. The five-case model will be central to this detailed appraisal considering the Strategic Economic, Commercial, Financial and Management cases for each project and how they combine to meet the programme required outcomes.
- Identification of the list of projects to be approved for funding.
- Monitoring the collection of data through the implementation of the projects
- Evaluation of the outcomes and collation of those at a programme level for onward reporting and overall evaluation. This will be carried out using the principles in the Magenta Book.

## **Magenta Book**

This is the HM Treasury guide for evaluating government policies and programmes – it includes several stages:

1. Scoping - defining the purpose and scope of the evaluation.
2. Designing - planning the evaluation methodology and data collection
3. Conducting - Implementing the evaluation plan and collecting the data
4. Reporting – where required reporting the evaluation of programmes and interventions.
5. Using - analysing the data and using this to inform future decisions.

It is important to incorporate evaluation methodologies from the earliest stages of policy design to ensure robust evidence is collected through the project lifecycle and the maximum benefit is gained for future decision making.

Monitoring and evaluation are closely related, and a typical evaluation will rely heavily on monitoring data. To be done well, both monitoring and evaluation should be done during the policy development stage with skilled expertise to ensure real-time evidence is available during implementation to aid decision-making. A comprehensive evaluation will typically consist of:

- Analysis of
  - whether an intervention is being implemented as intended.
  - whether the design is working.
  - what is working more or less well and why.Together, these types of questions are typically referred to as a process evaluation.
- An objective test of what changes have occurred, the scale of those changes and an assessment of the extent to which they can be attributed to the intervention. This is typically referred to as an impact evaluation and is

investigated through theory based, experimental, and / or quasi-experimental approaches.

- A comparison of the benefits and costs of the intervention; typically referred to as a value-for-money evaluation.

To fully understand an intervention's design, impact and results, all elements need to be explored.

Where the LCCA is responsible for securing, providing and reporting on a programme it will, in the design of the programme, specify which methodology is to be used for the project's evaluation and guidance on the data collection that will be required through the project life cycle. The methodologies will be drawn from but not limited to those in Annex A of the Magenta Book

The methodology selected will be dependant on the purpose of the evaluation and any reporting requirements of the grants or other funding sources received.

Requirements for partners or deliverers to collect data to enable the evaluation to take place effectively will be made clear at the outset and be included within any contracts or funding agreement produced. These requirements will clearly set out each partners' roles and responsibilities through the project lifecycle and the ongoing reporting and monitoring timelines through to project exit. The evaluation plan for each programme will be proportionate and appropriate to the specified outcomes required by the programme including those specified as conditions of the funding as well as other outcomes specified by the LCCA investment decision making body for that programme. For larger scale or significant programmes, it may be deemed appropriate to engage external consultants to undertake the evaluation at a project level and where this is the case delivery partners will be required to engage with the consultants as they would with LCCA staff.

## **Competencies**

Once the LCCA is established Officers will complete the self-assessment for the Government Analytical Evaluation Capabilities Framework and this will be reviewed on at least an annual basis to ensure the LCCA has the skills to provide evaluation processes required by the Magenta book and will provide training as required to improve organisational capability on an ongoing basis. This will be documented as part of the assurance framework reviews using the self-assessments tools available and engaging external consultants if it deemed appropriate.

## **9. Audit, Scrutiny and other Committees and Boards**

The Terms of Reference of the Audit and Governance Committee and the Overview and Scrutiny Committee are set out in the LCCA's constitution.

The arrangements reflect the legislative requirements, as well as the government's [Scrutiny Protocol](#). A Scrutiny Officer has been appointed.

Membership of both Committees reflects, as practicable as possible, the political and geographical make up of the LCCA area, and includes representation from the District Councils in Lancashire.

Both Committees have independent chairs, ensuring that there is a non-partisan and independent voice in these crucial bodies. A training plan for all members will be developed, and appropriate resources will be provided to ensure both committees are able to fully and effectively meet their responsibilities.

The LCCA has also established three "Advisory Boards". These are not decision making bodies but have a significant role of supporting the work of the LCCA in three key areas – Economy, Transport and Skills. They will aid in the development of the key policies, including the Growth Plan, Local Transport Plan and Skill Strategy, as well as providing a forum for engagement, monitoring and making recommendations on best practice to the LCCA.

## **10. The Business Voice**

The Lancashire Business Board has been established since 2024. The membership of the Board is made up of local business leaders and relevant representative bodies to

- provide the view of local businesses as part of regional decision making and
- work with local leaders to create a broad economic strategy for the area.

Information about the Business Board can be found on the LCCA website here [\[link\]](#)

The Business Board is independent from the LCCA, and is led by local business leaders themselves.

The LCCA ensures that the voice of business is heard in the LCCA itself through having a representative of the Business Board on its main decision making body, as well as on each of its Advisory Boards. Members of the LCCA are also regular attendees at the Business Board

## **11. Future Projects and Funding**

### **Identifying projects**

Projects for funding through the LCCA Investment Programme will be identified by the LCCA and, where relevant, the Constituent Councils through their alignment with the strategic and economic policy and plans for the area.

Project identification will be guided by a set of agreed objectives and investment principles for the Investment Programme. These are set out in an investment strategy and include the scope for funding to be repaid (in whole or part) or generate a return, in order that the Investment Programme has a greater impact. Where projects are not promoted by the LCCA or the Constituent Councils, then an open, transparent, and evidence-based process will be used to identify projects for funding.

### **Project prioritisation**

Prioritisation will be undertaken based upon agreed thematic criteria to establish an Investment Programme. The detail of the thematic methodology used, including prioritisation process and metrics, will be agreed in advance of its application. The prioritisation will be based on a range of factors built around the business case for intervention. This will include (in no particular order):

- Location
- High yielding development
- Projected outcomes against policy and strategy objectives
- Deliverability
- Need
- Financial short-term value for money, high and low risk factors

All projects will undergo review and refinement as part of developing the business case for each project. As project business cases are submitted, they will be assessed on their individual merits, but over time as a project pipeline emerges business case evaluations will also be subject to an overall prioritisation process.

### **Project appraisal**

Project appraisal for the Investment Programme will be consistent with HM Treasury's Green Book and Business Case Appraisal process, including supplementary and departmental guidance, such as the Department for Transport's (DfT) TAG appraisal guidance for transport schemes.

The LCCA is committed to undertaking due diligence activities that support effective decision-making and project appraisal. This will naturally be undertaken as the investment business case applications progress through the options appraisal and shortlisting. Where it is necessary to undertake specific analysis, for example, complex projects or comparison of multilayered financial data, due regard will be taken of HM Treasury's Aqua Book guidance. This will ensure "fit for purpose" analysis underpins the CCA's decision-making throughout the evaluation stages.

Similar regard will also be applied where appropriate to HM Treasury's Magenta Book guidance to provide qualitative comparative analysis for different combinations of sometimes complex projects/investment decisions and the respective outcomes.

The LCCA will be responsible for determining how to undertake its due diligence, but external agencies may also be commissioned to support this function as appropriate.

### **Risk management**

The CCA will establish a comprehensive Risk Management Framework comprising a Risk Management Policy and Strategy, articulation of the Authority's risk appetite and the development of a dynamic Strategic Risk Register. This will support the identification, assessment and management of opportunities and risks across the Authority including its Investment Programme.

This framework will be robust, transparent and invite and support challenge innovation and excellence across the Authority and its deliverable outcomes.

Oversight of the framework for Risk Management, including the Strategic Risk Register, will be provided by the Audit and Governance Committee.