

East Midlands Combined County Authority Assurance Framework



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1. Introduction and Overview

1.1. Purpose of the Assurance Framework

The purpose of this document is to set out how the East Midlands Combined County Authority (EMCCA) will use public money responsibly, openly and transparently, and accountably to achieve best value for money for the East Midlands region. Deriving from Principle Four – Appropriate Accountability – of the Levelling Up White Paper (February 2022), the Assurance Framework formalises the intention of the CCA to ensure accountability for activities and spending, both to HM Government as well as businesses and residents of our region.

The Assurance Framework has been developed in accordance with the English Devolution Accountability Framework published (March 2023) and the HM Treasury Green Book (November 2022).

HM Treasury states that Assurance Frameworks have the general purpose of “providing independent assessment on governance, risk management, and control processes for [an] organisation.” This CCA Assurance Framework is intended to be a reference document for use by CCA Board Members, Officers, constituent and all other local authority partners, businesses and residents. It sets out the local systems and arrangements, employed by the CAA, for ensuring public money is allocated in an appropriate manner, in accordance with legal, fiscal and best practice requirements.

In particular, the framework is required to show that suitable arrangements are in place to effectively manage the investment programme and that robust systems are in place to ensure resources are spent with regularity, propriety, and value for money, whilst at the same time achieving intended outcomes.

The Assurance Framework applies to all new decisions, approvals, and funding bids, regimes, and projects.

The document outlines:

- The respective roles and responsibilities of the Combined County Authority Board, the East Midlands Mayor and other elements of the decision-making and delivery structure;
- The key processes for ensuring accountability, probity, transparency, legal compliance, and value for money;
- How potential investments will be prioritised, appraised, approved, and delivered; and
- How the progress and impacts of these investments will be monitored and evaluated.

The Assurance Framework sits alongside several key governance and policy documents – most notably the Devolution Deal, the CCA Constitution, the Financial Regulations, and the Monitoring and Evaluation Framework.

Updating the Assurance Framework

The East Midlands Combined County Authority is committed to ensuring the highest standards of governance, accountability and transparency across all aspects of its activities and will review the Assurance Framework annually.

When reviewed the Assurance Framework will be agreed in draft by the CCA Board before being submitted to the Department for Levelling Up, Housing and Communities (DLUHC), the Department for Transport (DfT), the Department for Education (DfE) and the Department for Business and Trade (DBT) for approval. However, the document may be amended and re-published prior to the annual review date if improvements are required or significant changes are made to the CCA or its governance and assurance structures and processes, or if new guidance is received from the Government.

1.2. About the Region

Geography

The East Midlands Combined County Authority geographical area comprises the local authority areas of Derbyshire County, Nottinghamshire County, Derby City and Nottingham City, together with district and borough councils across these counties. The CCA is similar in size to other Combined Authorities in England, covering a population of 2.2 million people with an annual economic output of over £50bn. The CCA Area has one of the most functional, self-contained economic geographies in the country – 92% of workers live in the Area and 87% of residents work in the Area.

The CCA Area benefits from having two cities, large towns and rural areas, and being home to key giants of industry, such as Toyota UK, Rolls Royce, Alstom and Boots, with expertise in aerospace, rail, life sciences, energy and strong transport links. The Area contains three world class universities, which provide centres of research excellence, and is home to major tourist attractions such as the Peak District National Park, the National Forest, and Sherwood Forest. There are ambitions to maximise strategic opportunities presented through the East Midlands Freeport and the East Midlands Development Corporation.

Current state

Alongside economic prosperity the CCA Area experiences persistent and systemic deprivation, with 226,600 people living within the most deprived 10% of areas across England and with lower Healthy Life Expectancies than England as a whole. Educational attainment varies considerably, with the CCA Area containing some of the worst performing areas across England at all levels of education as well as 'social mobility cold spots'.

The devolution deal provides an unprecedented opportunity to improve the economic, health, social and environmental well-being of the people who live and work in the region. The deal will deliver substantially greater local control over funding and investment priorities to maximise the region's strategic economic opportunities; tackle persistent deprivation and inequalities; and thereby enhance the prospects for all the people who live and work in the region to enjoy greater prosperity, better health, and wellbeing.

Background to creation of the Combined County Authority

Following the Government's publication in February 2022 of its White Paper on Levelling Up, Derbyshire and Nottinghamshire County Councils along with Derby and Nottingham City Councils (four Constituent Council) agreed to cooperate at pace on the negotiation of a new devolution deal that would cover the D2N2 Local Enterprise Partnership area and would be delivered through establishment of a Mayoral Combined County Authority.

A devolution deal was agreed between the four Constituent Councils, and the Government, on 30 August 2022 which included integration of the Local Enterprise Partnership (D2N2) to ensure continuation of a strong and independent local business voice to inform local decision making and strategic economic planning; and, additionally, a commitment to developing, in partnership with the Government, an arrangement which ensures close cooperation with the Police and Crime Commissioners (PCCs).

In November 2022, following approval from Full Council, Derbyshire County Council, Nottinghamshire County Council, Derby City Council, and Nottingham City Council (the 'Constituent Councils') undertook statutory consultation on a Proposal to establish the East Midlands Combined County Authority ('EMCCA') across Derbyshire, Nottinghamshire, Derby, and Nottingham. This consultation ran until January 2023 and was broadly supported. In March 2023 Constituent Councils approved a revised Proposal for submission to the Secretary of State, having due regard to the consultation responses and the public sector equality duty, to create the East Midlands Combined County Authority (EMCCA) for the areas of Derbyshire County, Derby City, Nottinghamshire County and Nottingham City.

The Levelling Up and Regeneration Bill received royal assent on 26 October 2023 following which on 1 November 2023 the 4 Constituent Councils formally submitted their Proposal for a Combined County Authority for the East Midlands to the Secretary of State for Levelling Up Housing and Communities.

A further, final report was brought back to the Constituent Councils in relation to the draft Statutory Instrument produced by the Government in response to the Proposal. On 7 December 2023, the Constituent Councils consented to the draft Statutory Instrument, resulting in its being laid before Parliament and the establishment of the EMCCA on [date].

1.3. Scope of Assurance Framework

The funds in the scope of this assurance framework are as follows:

- The East Midlands Investment Fund (EMIF). The EMCCA has established the £38m per annum EMIF, which is split 50% capital and 50% revenue. These funds span a 30-year period but will be subject to five-yearly gateway review assessments to confirm that the investment has contributed to economic growth and levelling up. The Investment Strategy will set out the region's priorities and will include operating principles and management processes for this fund.
- Transport allocations as agreed with Government.
- Derby Growth Zone/A50 junction - the Government has allocated £50m, subject to business case approval.
- Housing - £16.8m has been allocated to support the building of new homes on brownfield land, subject to sufficient eligible projects for funding being identified.
- The EMCCA will be the lead local authority for the planning and delivery of the United Kingdom Shared Prosperity Fund (UKSPF) from 2025/26. This will be subject to Spending Reviews and reconfirmation of overall UKSPF policy and delivery arrangements from 2025/26

2. Governance and Transparency

2.1 Governance Structure of the CCA

The Constituent Councils have set out eight principles for the CCA. The first four principles (**Effective leadership, Sensible Geography, Flexibility and Appropriate Accountability**) apply the devolution framework set out in the Levelling Up White Paper, whilst the second four principles have been developed locally (**Inclusivity, Subsidiarity, Commissioning and Choice**).

The Constituent Councils have created a governance structure for the CCA which is true to the principles outlined above and which will secure effective and convenient local government for the Area.

Governance arrangements, policies and procedures will also be subject to the usual core principles of public sector governance, transparency, and ethical standards.

2.1.1 Membership of the CCA

The CCA will have up to 17 Members in total, comprising:

- The directly elected Mayor;
- 8 Constituent Members (Members appointed by the Constituent Councils, with each Constituent Council appointing 2 Members);
- 4 Non-Constituent Members nominated by the District and Borough Councils within the Area (with 2 Non-Constituent Members to be nominated by Derbyshire District and Borough Councils, and 2 Non-Constituent Members to be nominated by Nottinghamshire District and Borough Councils);
- An Associate Member to represent the Business Voice who will be the Chair of the Business Advisory Board;
- Up to three further Non-Constituent or Associate Members. These three further Memberships will not be nominated/appointed to initially. It will be for the CCA to determine whether the three additional Memberships will be used, and if so, what interests those Memberships should seek to represent on the CCA.

The Mayor

The CCA will have a directly elected Mayor who will be elected by the voters within the Area. The Mayor will be a Member of the CCA, as well as having a number of powers and functions which may be exercised exclusively by the Mayor (see below).

Constituent Member Councils

The Constituent Councils are the upper tier Councils of Derbyshire County Council, Nottinghamshire County Council, Derby City Council and Nottingham City Council. Each of the Constituent Councils must appoint 2 Constituent Members of the CCA to create a total constituent council membership of 8 Members.

District and Borough Councils

There are 15 District and Borough Councils within the Area of the CCA. The Districts and Boroughs will be empowered to nominate 4 individuals to represent their interests on the CCA.

The Constituent Councils have worked closely with the District and Borough Councils to agree a system of nominations which all of the Councils are comfortable with. It has been agreed that nominations will be made through the use of joint committees (joint committees are a formal local authority committee formed by several Councils to work together on specific issues.)

Two joint committees will be utilised as nominating bodies to fulfil this role; one which the Derbyshire District and Borough Councils will be voting members of, and which will nominate two Non-Constituent Members for the Derbyshire area, and one which the Nottinghamshire District and Borough Councils will be voting members of, and which will nominate two Non-Constituent Members for the Nottinghamshire area. These joint committees will also be used as the mechanism for the District and Borough Councils to nominate additional individuals as substitutes and representatives on the Overview and Scrutiny Committee, and Audit Committee, who may come from different Councils than the nominated Non-Constituent Members.

The inclusion of a mechanism by which the District and Borough Councils can have a key role on the CCA ensures that the identities and interests of all of the local communities are fully represented on the CCA.

Business Interests

The voice of business will be a critical component in the future CCA, given that a key area of focus will be economy, industry and business, The CCA will appoint an Associate Member to the CCA who can represent the views of business on the CC moving forward.

The CCA proposes the establishment of a business-focused Advisory Board. Whilst the Advisory Board would not be a formal committee of the CCA, it would be part of the formal governance arrangements and would exist to provide advice to the CCA on all issues of business and economy relevant to the CCA. The CCA would then appoint the Chair of that Advisory Group to the CCA as an Associate Member representing the views of business on the CCA.

The D2N2 LEP function is to be integrated into the CCA, albeit the precise mechanism by which this will be accomplished is not yet agreed.

Other Memberships

The remaining up to 3 further Non-Constituent or Associate Members will not be nominated / appointed to initially. It will be for the CCA to determine whether the three additional Memberships will be used, and if so, what interests those Memberships should seek to represent on the CCA. Possible options for the areas of interest to be represented through the up to 3 further Memberships include education and skills, transport, environment/net zero and housing and planning but the final choice will depend on what interests are best felt to align with the CCA's powers and functions so could come from any area of relevance to the CCA, if they are appointed to.

2.1.2 Mayoral Functions

Some of the functions of the CCA will only be able to be exercised by the elected Mayor, and this will be prescribed in the East Midlands Combined County Authority Regulations 2023 (the EMCCA Regulations).

[EMCCA Regulations 2023](#)

Link above will be updated when the final version is Laid.

The main Mayoral functions are as follows:

- Duty to set a Mayoral budget, which will relate to the cost of exercising the Mayoral function;
- Power to impose a business rate supplement on non-domestic ratepayers in the Area to fund Mayoral functions as part of the Mayoral budget;

- Power to issue a precept on council tax (a precept is an amount added to council tax) to fund Mayoral functions as part of the Mayoral budget;
- Power to provide relief from non-domestic rates in areas covered by a Mayoral Development Corporation;
- Power to create a Mayoral Development Area, and to form a Mayoral Development Corporation to take responsibility for planning functions in the part(s) of the Area covered by the Mayoral Development Area (the exercise of these functions is subject to the consent of all of the local planning authorities affected);
- Housing and land acquisition powers to support housing and regeneration (the exercise of these functions is subject to the consent of all of the local planning authorities affected); and,
- Functional power of competence (this means that the Mayor will have the power to do anything reasonably related to the exercise of their functions).

Due to the complexity of the current transport arrangements in the Area, the transfer of transport functions will be dealt with differently. A small number of powers will transfer on day one, otherwise there will be a 2-year transition period where certain functions will be held concurrently (by both the constituent authorities and the CCA) with responsibility for delivery gradually transferred to the CCA during that period. Certain functions will continue to be held concurrently even after the transition period and of those functions a small number will require the consent of affected constituent councils before they can be exercised by the CCA or Mayor as the case may be. It will also be necessary to facilitate a smooth transition and to deliver good working relationships for an inter authority agreement to be entered into by the CCA and the Constituent Councils. The Transport powers conferred on the Mayor and the CCA are set out in the EMCCA Regulations (Transport Provisions).

The Levelling Up and Regeneration Act provides that an elected Mayor may exercise functions of Police and Crime Commissioners, and/or functions of Fire and Rescue Authorities. It is not currently intended that the elected Mayor for the East Midlands CCA will exercise the functions of either of the Area's Police and Crime Commissioners, or either of the Area's Combined Fire Authorities. It is intended however that there will be close working between the East Midlands CCA and the Area's Police and Crime Commissioners generally; and particularly, productive and joint working on public safety; and the East Midlands CCA will work with the Area's Police and Crime Commissioners to agree a protocol for working together.

2.1.3 Mayoral decision making

The elected Mayor will be required to appoint one of the Members of the CCA as their Deputy Mayor. The Deputy Mayor must act in the place of the Mayor if for any reason the Mayor is unable to act, or the Office of the Mayor is vacant.

The Mayor is able to arrange for the exercise of any of their Mayoral functions by:

- The Deputy Mayor;
- Another Member or Officer of the CCA;
- A committee of the CCA, consisting of members appointed by the Mayor (which need not be Members of the CCA).

The EMCCA Regulations will provide that the Mayor is able to appoint a political advisor.

2.1.4 CCA Functions

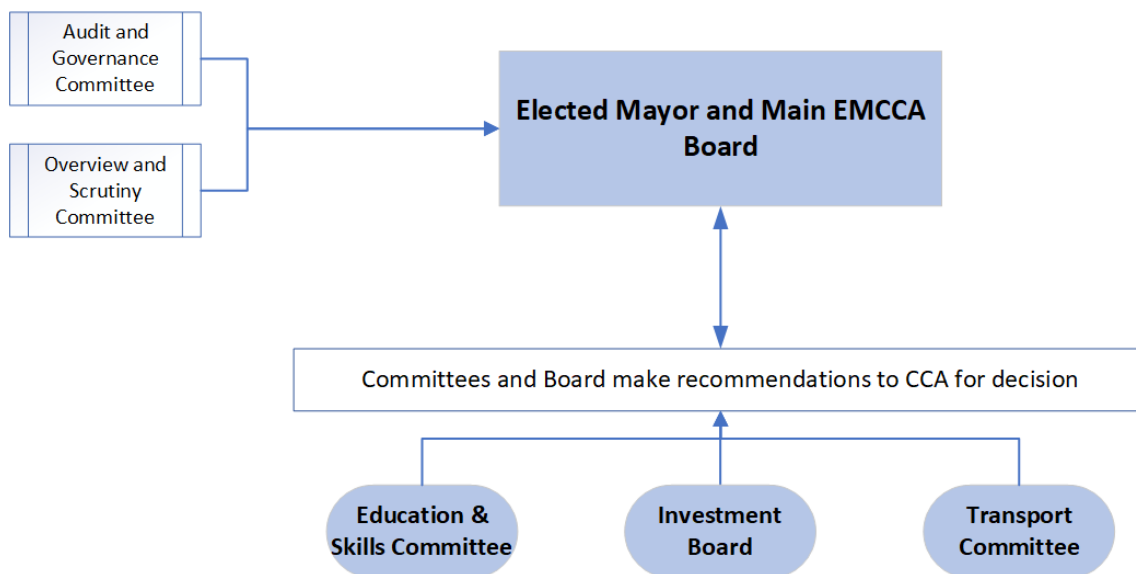
The remainder of the functions of the CCA will be exercisable by the CCA. On day 1 these will include:

- The duty to set a budget for the CCA (as opposed to the Mayoral budget);
- Exercise of the power to borrow;
- Duty to prepare an economic assessment of the Area;
- Compulsory purchase, land acquisition and disposal and development of land powers (the exercise of compulsory purchase functions is subject to the consent of all of the local planning authorities affected);
- Housing supply and regeneration functions;
- Duty to review air quality plans and propose and undertake steps to support the delivery of those plans by Districts/Boroughs/Unitary Councils in the Area; and,
- Incidental powers in relation to its functions (the power to do anything which is incidental to the exercise of its functions).

In addition, the CCA will have functions relating to transport. As mentioned above, due to the complexity of the current transport arrangements in the Area, transfer of transport functions will be dealt with differently, with a phased transfer of functions over a two-year transition period. More detail is given in paragraph 2.1.2 above.

2.1.5 CCA decision making bodies

The Members of the CCA will be the main decision-making group of the CCA. The CCA will have the power to establish committees and sub-committees to exercise CCA functions.



CCA voting

The CCA will prescribe voting requirements in its Constitution, but the following principles will be applied:

- All of the Constituent Council Members and the Mayor have a single vote.
- The District and Borough Council Non-Constituent Members will have no voting rights except where the matter being considered relates to one of the following powers/functions:

- Housing and Planning (except where one or more of the District of Borough Councils within the CCA area is required to give its consent to the matter under consideration);

Votes may be granted to District and Borough Council Non-Constituent Members on a show of hands by the CCA as it may consider appropriate. This is most likely where the matter being considered relates to one of the following powers/functions:

- Environment
- Economy
- None of the other Non-Constituent or Associate Members will have a vote unless the CCA grants such a vote on a show of hands on a specific decision.
- The majority of decisions taken by the CCA will be subject to a requirement for a simple majority in favour, with the additional requirement that the Mayor must vote in favour.
- Certain decisions will additionally require the Lead Member of the relevant Constituent Council to vote in favour, specifically this includes any decision to compulsorily purchase land by the CCA, and any decision of the CCA which would lead to a financial liability falling directly on the Constituent Council. Further instances in which there will be a requirement for the Lead Member of each Constituent Council to vote in favour will be set out in the CCA Constitution. Constituent Councils may (through their own constitutions) place additional governance requirements on their Lead Members to ensure that their voting reflects a decision made by the relevant body of the Constituent Council before being cast.
- By a 2/3 majority can amend the Mayor's transport strategy.
- Budgets can be approved or amended by a majority where all constituent council lead members vote in favour.

Committees

The CCA will establish a Transport Committee and an Education and Skills Committee. The Terms of Reference for each committee will be largely advisory in nature and will make recommendations to the CCA for decisions on issues relating to powers and functions relevant to their area of expertise. The CCA will also establish an Investment Board. More detail is given in paragraph 3.1 below.

Advisory Boards

The CCA, and the Mayor, may choose to establish advisory boards. Advisory boards are formally constituted boards which form part of the operation of the CCA, but which have no decision-making power.

As set out above, the CCA will establish a Business Advisory Board.

The CCA will consider whether additional Advisory Boards focused on other issues are required.

The role of any advisory boards established will be to advise the CCA, and possibly also the Mayor, on the exercise of functions in their areas of expertise.

Overview and Scrutiny Committee

The CCA will have at least one Overview and Scrutiny Committee.

The role of the Overview and Scrutiny Committee is to review and scrutinise the decision making of the CCA and the Mayor to ensure that the decision making is appropriately focused on community needs, and that high quality delivery is taking place for the benefit of the Area.

To ensure appropriate challenge and accountability, given the role of the Committee its membership must involve different individuals than those who are Members of the CCA. However, the CCA would intend to ensure that the District and Borough Councils would be represented on the Overview and Scrutiny Committee and will consider how and whether to represent any additional Non-Constituent and Associate Members on the Committee.

At least one member of the Overview and Scrutiny Committee will be nominated from each Constituent Council of the CCA. At least 4 members will be nominated by the District and Borough Councils. Any members of the Committee not drawn from the Constituent Councils will not automatically have voting rights on the Committee. The Overview and Scrutiny Committee will be chaired by an independent person or an appropriate person who is a member of one of the CCA's constituent councils.

There will be a requirement for political balance on the Committee which will reflect the political balance of the CCA Area (which in this context means to reflect the voting in respect of the Constituent Councils but taken across the whole Area).

Audit and Governance Committee

The CCA will have an Audit and Governance Committee. The role of the Audit and Governance Committee is to review and assess the authority in the areas of corporate governance, risk management, internal controls, external audit, internal audit, financial reporting and other related areas to ensure that the financial and governance decision making position of the CCA, and the Mayor is sound. It will also review and assess the economy, efficiency and effectiveness with which resources have been used in discharging the CCA's functions. The Committee will also be responsible for oversight of the CCA Constitution and any associated matters (subject to any necessary approvals from the CCA), the Members Code of Conduct and ethical standards of the CCA. The Committee may establish a sub-committee to preside over any formal hearings in respect of full investigations of alleged standards breaches.

The Audit and Governance Committee will be chaired by an independent person or an appropriate person who is a member of one of the CCA's constituent councils.

There will be a requirement for political balance on the Committee which will reflect the political balance of the CCA Area (which in this context means to reflect the voting in respect of the Constituent Councils but taken across the whole Area).

The Audit Committee will include an independent person, who is not otherwise associated with the Mayor or involved in the CCA. The Levelling Up and Regeneration Bill requires that members of the Audit Committee must not be the same individuals as those representatives who are members of the CCA.

The CCA will ensure that the Audit and Governance Committee has the right people to ensure effective oversight of the adequacy of the CCA's overall governance and assurance arrangements, and scrutiny of financial decision making by the Mayor and the CCA.

2.1.6 Local Enterprise Partnership Integration

As set out in the Devolution Deal, the LEP function will be integrated into the CCA. These include business growth, innovation, skills strategy and regeneration. In addition, there is also a commitment to include an independent business voice, as is currently represented through the LEP Board.

The CCA proposes the establishment of a Business Advisory Board and it is envisaged that the Chair or a nominated member of that Board will become an Associate Member of the CCA.

There will be a range of informal relationships between businesses, higher and further education institutions and voluntary and community sector representatives.

2.2 Transparency

2.2.1 Corporate Governance and Code of Conduct

The CCA will put in place appropriate policies and procedures to underpin good governance, and high standards of integrity and transparency. These will include:

- Councillor and Co-opted Member Code of Conduct [the expectation is that the CCA will adopt the LGA model code].
- Members allowances, Travel and subsistence policy
- Whistleblowing Policy
- CCA Complaints Policy
- Freedom of Information/Information Requests Policy
- Information Governance and Data Protection Policy
- Counter Fraud and Corruption Policy
- Officer Code of Conduct (including Gifts and Hospitality Procedure and Conflicts of Interest Procedure)

Complaints relating to member conduct will be handled by the CCA Monitoring Officer in accordance with the procedure.

Members Allowances

The EMCCA Regulations will set out the position on members allowances. Any allowances paid will be in accordance with an approved Scheme of Allowances published by the EMCCA and overseen by the Independent Remuneration Panel.

2.2.2 Publication of Meetings and Agenda Items

The CCA will put in place appropriate arrangements to ensure that formal meetings of the CCA and its committees and sub-committees are published as required by law.

The dates of all formal meetings will be published on the CCA website and relevant documents for each meeting are also published in advance, allowing the public to stay informed of key decisions and strategic issues. Other documents required for publication such as a Forward Plan of upcoming key decisions and notices relating to exempt information items will also be published on the website.

The CCA will maintain a publication scheme which will be published on its website. The detail of the publication scheme will be developed after the CCA comes into existence.

2.2.3 Communications and Local Engagement

The CCA is committed to active engagement with the public and other local public and private sector partners and stakeholders. This includes engaging stakeholders to inform the development of key strategies, plans and following any specific guidance issued by Government in relation to the Local Transport Plan.

A CCA Business Plan and Operating Model will be developed and following approval will be used to measure progress against plans at least annually.

Key information relating to funding streams will be published on the CCA website. This will include up to date information about scheme funding and approvals. Relevant business cases which are the subject of formal approvals will also be published as part of the meeting papers for those decisions. Associated reference materials and documents relating to funding arrangements will be published on the CCA website.

In addition to formal meetings of the CCA, regular contact will be maintained with the CCA's Constituent Councils through Chief Executive and/or senior officer meetings and through relevant officers working or delivery groups on project or theme specific issues.

The four representative Chief Executives will also maintain Liaison with Non-Constituent Borough and District Councils.

The CCA will hold frequent meetings with executives at key stakeholder organisations and groups, to provide top line updates and secure support and advocacy for major workstreams and projects.

For individual themes and project areas, the CCA will organise regular progress meetings to inform and engage with relevant stakeholders, and to gain feedback upon types of interventions.

The CCA will provide mechanisms – including via surveys, ad hoc one-to-one meetings and thematic networks – for stakeholders to actively engage and provide feedback for its key priorities and workstreams.

A significant, ongoing workstream will involve identifying and mapping a diverse range of external stakeholders across the region to ensure the broadest possible involvement of local partners in the CCA's work.

The CCA will engage with the public through a variety of channels. Media engagement will be a key pillar of raising awareness about, and support for, the CCA's role and its work.

The CCA's media strategy will target key regional media outlets across the region to secure positive coverage of the CCA, its impact and how it benefits residents. It will also target specialist and hyperlocal media outlets to reach specific groups and residents where they may be low engagement and/or awareness of the CCA. Regular press conferences and media briefings will be held with the Mayor, to boost the profile of the CCA across the region.

The CCA will organise public events in a 'Town Hall' format – giving local residents, businesses and groups opportunities to put questions to the Mayor and the CCA on local issues that affect them. A range of public consultations and surveys will be held by the CCA to ensure ongoing public engagement with its work and priorities.

2.3 Financial Management

The East Midlands Combined County Authority will be the Accountable Body for all funds and will be responsible for overseeing the proper administration of financial affairs. They will ensure that the usual Local Authority checks and balances apply to the awards of public funds.

The Combined County Authority will:

- Hold the funds and make payments in accordance with decisions from the relevant decision-making body.
- Ensure that funding is approved and allocated in a manner that is lawful, transparent, evidence-based, consistent and proportionate.
- Ensure compliance with any funding conditions.
- Ensure that the decisions and activities conform to the legal requirements with regard to equality and diversity, environmental regulations and other relevant legislation and guidance.
- Ensure through the s.73 officer that the funds are being used appropriately, prudently and are in accordance with the decisions made by the relevant decision-making body. The s.73 Officer will provide a letter of assurance to the Government each year (by 28th February) to confirm the reliability of the arrangements in place.
- Record and maintain the official record of formal meetings relating to funding decisions.

Regular financial reports relating to the CCA's funds will be presented to the Board.

Annual accounts will be prepared and published in accordance with Local Government accounting standards.

Funding of the CCA

The EMCCA Regulations will indicate that the CCA will be funded by the four Constituent Councils. Funding has been secured as part of the deal from central Government to cover the financial years 2023/4 and 2024/5. In addition, as set out above, the Mayor has powers to issue a precept and impose a levy, and the CCA has powers to borrow. In practice it is expected that the running costs of the CCA will be met by either continued central Government support or with funding from the Constituent Councils.

The significant programme costs associated with major projects and schemes across the CCA footprint will be funded from other sources, the CCA has powers to borrow whilst the bulk of the funding needed for the CCA/Mayor will be provided by Government for the next thirty years. Government has committed to investment of £38 million per year for the next 30 years into the region through the Mayor/CCA.

The general powers the CCA has around finance and funding are expected to be substantially the same as local authorities enjoy.

3. Decision Making

3.1 Investment Decisions

It is proposed that the CCA will establish an Investment Board as an advisory body to make recommendations to the CCA on investment decisions which do not fall within the terms of reference of any other Committee or advisory board. The Investment Board will ensure any statutory requirements are met when considering proposals and making decisions.

In order to support robust funding decisions the agreed broader governance process will ensure that these decisions will reflect impartial advice with appropriate checks and balances particularly when assessing the merits of (potentially competing) business cases.

Section 4 below details the Project Lifecycle and how the net impact of the overall programme of investments will be considered, to ensure that projects work together when assessed cumulatively.

In the first instance a proposed membership of the Board would be as follows:

- Mayor/Deputy Mayor (Chair)
- 4 Constituent Council Members
- 2 Non-Constituent Council Members (one from each of Derbyshire and Nottinghamshire)
- An independent representative of the Business Voice (Chair or Vice Chair of Business Advisory Board)

3.2 The Role of the Accountable Body

The East Midlands Combined County Authority will be the Accountable Body for all funds within the investment programme and will be responsible for the proper administration and financial probity of all funds received. The Combined County Authority will ensure the effective use of public money and have responsibility for the proper administration of funding received and its expenditure.

As the Accountable Body, the Combined County Authority will be responsible for overseeing policy, the prioritisation of funding, ensuring value for money, evaluating performance and managing risk.

The Combined County Authority will:

- Hold investment programme funds and make payments in accordance with the decisions of the Combined County Authority or relevant decision-making body.
- Ensure that funding is approved and allocated in a manner that is lawful, transparent, evidence-based, consistent and proportionate.
- Ensure that the decisions and activities conform to the legal requirements with regard to equality and diversity, environmental regulations and other relevant legislation and guidance.
- Ensure through its s.73 officer that the funds are being used appropriately, prudently and are in accordance with decisions made by the Combined County Authority or relevant decision-making body, or through delegation, together with adherence to relevant guidance/legislation for the intended purpose.
- Record and maintain the official record of formal meetings relating to decisions made on all investment projects.
- Should a decision related to funding not conform to this assurance framework, e.g., not meeting legal requirements or representing inappropriate use of funds, then the Combined County Authority, as accountable body, will not action this decision.

4. Project Lifecycle

4.1 Identifying Projects

Projects for funding through the Combined County Authority investment programme will be identified by the Combined County Authority and, where relevant, the constituent Councils through their fit with the strategic and economic policy and plans for the area including the Combined County Authority Operating Model and Business Plan, Local Industrial Strategy, Joint Local Transport Plan, Employment and Skills Plan. This project identification process will be guided by a set of agreed regional objectives and investment principles for the investment programme. These will be 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 Combined County Authority or the Constituent Councils, then an open, transparent, and evidence-based process will be used to identify projects for funding.

4.1.1 Project Assessment

Identified schemes will be assessed against agreed criteria, including those for individual programmes within the overall Investment Fund.

Schemes will be able to seek funding for development through completion of an application form. Formal entry into the programme will be considered at the Strategic Outline Case stage.

4.1.2 Project Prioritisation

A process of prioritisation will be undertaken based upon agreed thematic criteria to establish a joint 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:

- Location – including Priority Area, Size & Scale of the project
- High Yielding development
- Projected Outcomes against EMCCA policy and strategy objectives
- Deliverability - how quickly can the project be completed; is encumbered by known risks such as known abnormal site conditions or complex land assembly
- Need -are the project deliverables subject to acute short need with high deliverability factors
- Financial short-term value for money, high and low risk factors

All projects will undergo review and refinement as part of the evolving business case process. 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 implicitly impact the prioritisation process.

4.1.3 Summary of the assurance process

The appraisal process 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.

4.2 Project Development

4.2.1 Development of business cases – identifying where this may differ for different kinds of scheme.

The business case development and appraisal process will apply the principle of proportionality, with more detailed information being required for large, complex or contentious projects. The application and appraisal process for the investment programme will involve the following stages:

1. Strategic Outline Case (SOC) – this will provide the strategic context, underlying justification for the project and will support the prioritisation and programme development stage. For larger schemes or which are innovative or likely to be contentious an SOC will be required. Smaller or less complex schemes can progress direct to Outline Business Case, or where appropriate, Full Business Case.
2. Outline Business Case (OBC) – this will confirm the strategic context, make a robust case for change and identify the preferred option for delivery from a shortlist of options considered based upon how well it meets scheme objectives
3. Full Business Case (FBC) – this will include a detailed business case for the project consistent with HMT’s guidance on the five-case business case model which is developed to a level where it is capable of being given final approval, including detailed design and having secured all necessary powers, consents and land to enable the delivery of the scheme. This will follow the latest Green Book business case guidance and take account of project specific appraisal guidance published by the relevant Government department).
4. Projects which are relatively straightforward, such as revenue interventions and capital projects which do not require planning permission or other consents can progress direct to FBC.

Where 50% or more of the funding for a project has been awarded by a Government department or Homes England through a specific funding application which gives final funding approval for delivery (equivalent to a Full Business Case), a separate business case may not necessarily be required to access match funding through the funds in scope of this framework. In such cases it may be assumed that the business case and value money will already have been suitably established by the external funder as part of the funding award. In these cases, evidence that Government has approved it will be required. Where this applies, funding applications will be published, and suitable Monitoring and Evaluation arrangements will be put in place to ensure the needs of both the external funder and the Combined County Authority are met.

For transport schemes, business cases should use the templates and approach provided in DfT guidance. For these purposes, a transport scheme is defined as any scheme that significantly changes the transport network infrastructure, whatever its objectives.

For smaller scale and relatively straightforward transport schemes a specific template will be used, structured around the five cases business case model, which seeks to capture the critical aspects of the business case in a comprehensive but proportionate way.

4.2.2 Scheme development funding options

Projects within the investment programme funded by the Combined County Authority funding streams will be eligible to submit for scheme development support. This will be based on the submission of a scheme feasibility and development application form which will identify tasks, timescales and costs for bringing forward an SOC, OBC or FBC. Aside from where a delegation has

been granted to the Combined County Authority Chief Executive in consultation with the Chief Executives of the constituent Councils, or the Combined County Authority Senior Officer in consultation with the Director responsible for Infrastructure of the constituent Councils, all submissions will be appraised and approved by the Combined County Authority. Where such approval is via delegation these decisions will be published and reported to the appropriate decision maker, including publication of the application.

4.2.3 Due diligence

The Combined County Authority 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 processes. Where it is necessary to undertake specific analysis, for example, complex projects or comparison of multi-layered financial data, due regard will be taken of the Aqua Book guidance to ensure “fit for purpose” analysis underpins the Combined County Authority’s decision-making will apply throughout the evaluation stages. Similar regard will also be applied where appropriate to HMT Magenta Book guidance to provide qualitative comparative analysis for different combinations of sometimes complex projects/investment decisions and the respective outcomes.

The Combined County Authority will be responsible for determining how to apply its due diligence processes, but external agencies may also be commissioned to support this function as appropriate.

4.3 Appraisal

4.3.1 Appraisal Criteria

The appraisal process 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. This will be based on the five cases model.

4.3.2 Assessing value for money

For the investment programme, the Combined County Authority will make investment decisions based on a range of evidence, such as the strategic case and other local impacts and analysis of cost effectiveness (including GVA impact at the local level), as well as the wider VfM appraisal. This evidence will be consistent with HM Treasury’s Green Book and other relevant departmental appraisal guidance. Whilst recognising the national Benefit Cost Ratio (BCR) will remain the universal metric to assess VfM, the Combined County Authority will take account of a range of evidence when deciding to invest in a project (such as the local impacts on the economy and investment unlocked) within the context of a wider VfM appraisal. In the event that a scheme does not offer at least ‘high’ VfM (i.e., that the national BCR is below 2 and once significant non-monetised impacts and key uncertainties have been considered), the Combined County Authority may still decide, exceptionally, to invest in a project based on the strength of evidence presented within the overall business case, including the strategic case and local impacts.

Full Business Case, including their value for money, will be signed off by the s151 officer or Chief Finance officer of the promoting organisation. As is the case for VfM statements, Full Business Case Assessment Summary Reports will be signed off by the Combined County Authority s73 officer and these will be included in the report to the Combined County Authority or relevant decision-making Board where the business case is being considered. Where the Combined County Authority is the

scheme promoter separation of roles will be ensured and business case sign off will be provided by another member of the Combined Authority Senior Management Team or the s151 officer from one of the constituent Councils. The appraisal reports will be presented to the relevant Combined County Authority Committee as part of the decision-making process, via an Assessment Summary Table.

4.3.3 Transport Projects

For transport projects, the Combined County 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 current DfT guidance for all schemes but for schemes with low cost (amount to be determined by CCA board), a more proportionate approach may be taken. In addition to TAG, other robust or evidence-based assessments or methodologies may be employed to prioritise and assess the overall business case for a scheme. Transport Project Business Case assessments will be based on forecasts which are consistent with the definitive version of NTEM (DfT's planning dataset).

The expectation is that all schemes must meet the defined business/operational need of the Combined County Authority and be measured against SMART objectives from the early conception of the project. SMART objectives will be independently assessed and applied to viable options that consider cost and benefit delivery at or above the "do minimum" option. The Combined County Authority will, as part of the assessment process commission a specialist transport consultant, fully independent from the scheme promoter and with no involvement in the development of the scheme being appraised, to fully assess and analyse the full business case for the project. This analysis will include a full analytical and assurance statement including verification of the projects Net Present Social Public Value/BCR. The independent assessment will be published and made available to the Combined County Authority or relevant committee (or the Chief Executives or Directors responsible for Infrastructure where there is a delegation) as part of the decision-making process.

Notwithstanding the above the Combined County Authority will be able to exceptionally approve transport schemes with lower NPSV/BCR having regard to specific circumstances including:

- The ability of the scheme to address multiple Combined County Authority policy objectives.
- Significant levels of match funding being provided by the scheme promoter.

Examples of such exceptional circumstances could include where a transport scheme:

- Unlocks a major development site.
- Stimulates significant land value uplift which can subsequently be captured.
- Has a low NPSV/BCR but is part of a programme that can evidence a 'high' BCR as a minimum.

The justification will be clearly set out in the report before the Combined County Authority or at the point of decision making.

The recommendations to the Combined County Authority or relevant decision-making Board will clearly explain the rationale for approving a scheme with medium or worse VfM and the implications of the recommendation.

4.3.4 Adult Education Budget

The Government will fully devolve the AEB to the Combined County Authority from the academic year 2025/26, subject to the meeting the readiness conditions set by DfE. The Governance structures, system, process, and policies that will be developed and implemented by Combined County Authority as the accountable and decision-making body, will provide the DfE with confidence that it has in place all relevant infrastructure to effectively manage the process and risks associated with the allocation of devolved AEB funding, including accountability to:

- the public, via the Overview and Scrutiny Committee and Audit and Governance Committee, including scrutiny of the accounts and local audit reports.
- the UK government. The Combined County Authority will also discharge, on an annual basis its responsibilities to devolved AEB funding as set out in the English Devolution Framework and produce an Annual Assurance Report alongside other yet to be agreed document such as an Adult Education Budget (AEB) Assurance Framework document, including project appraisal and value for money processes.

4.3.5 Approval process

To ensure the investment programme is managed strategically the Combined County Authority s73 officer, supported by senior officers, will be responsible for the overall management of the programme and that linkages are made within the portfolio of projects seeking investment. The time taken to assess projects will depend on the nature and complexity of the proposal.

The outcome of the independent assessments of investment programme schemes will be reported to the Combined County Authority's relevant decision-making board as part of the recommendations made on the merits of individual applications. An Assessment Summary Table will form an appendix to these reports and will be part of the Combined County Authority or other decision-making body's public agenda pack that will be available to view on the Combined County Authority website.

Aside from where the Combined County Authority is the scheme promoter, the Combined County Authority will prepare a Grant Offer Letter for agreement by the applicant. The offer letter will set out the following which will be monitored by the Combined County Authority:

- A financial profile including quarterly expenditure.
- A profile of outputs and outcomes to be achieved with key milestones for delivery.
- Projected impacts and a timetable for their achievement.

4.3.6 Investment Programme Management

A performance management system will be used to collate, record and report on the progress of individual projects and the investment programme overall. Where projects do not achieve their milestones for delivery, projects will need to provide evidence to demonstrate that they will be able to get back on track or seek approval for change via the relevant review and monitoring board. Projects that consistently fail to meet projected performance (financial and outputs) may have funding withdrawn. Projects 'at risk' will be reviewed, and the outcomes of this process will be referred to the Combined County Authority, prior to any withdrawal of funding and decision on expenditure incurred.

There are a number of mechanisms that will ensure effective management of the investment programme to maximise the economic impact within the area. These include:

- Designation of the Combined County Authority s73 officer as having overall responsibility for management and reporting on the performance of the investment programme to the Departmental Accounting Officer within DLUHC.
- Ensuring suitable mechanisms and resources are in place to effectively monitor, evaluate and review the performance of projects in the investment programme in respect of delivery, expenditure and outputs/outcomes.

4.3.7 CCA risk management

The Combined County Authority Chief Executive will be responsible for the identification and management of risk for the overall investment programme. Key risks for the investment programme

will be added to the Corporate Risk Register and will be monitored (alongside the performance monitoring procedures) by Internal Audit & Risk and reported to the Audit and Governance Committee.

The Combined County Authority will establish a comprehensive Risk Management Framework, which supports the identification and management of opportunities and risks across the Investment Programme. This process will be robust, transparent and invite and support challenge innovation and excellence across the investment programme and its deliverable outcomes.

The Risk Management Framework is being designed around the emerging Investment Programme and its individual identified project priorities. As this evolves it will embody the recommended principles (HMT Orange Book 2020) ensuring effective risk management is integral at both project and programme levels across the investment programme. This will include: -

- RMF will be incorporated into the CCA governance and leadership reporting as outlined above.
- RMF will be an integral element of the evaluation and decision-making processes at all levels.
- Be collaborative and transparent with the appropriate level of expertise.
- Will include risk identification & assessment.
- Identification & treatment of risk options
- Risk monitoring
- Risk reporting & management oversight
- Subject to continual review & improvement

As the Risk Management Framework is designed around the emerging Investment Programme and embedded into the Authority's governance and audit reporting processes, it will further undertake to refine its application through the development of a Risk Control Framework. This will strengthen the Authority's accounting processes and decision making in real time, facilitating better outcomes through change controls and management of project risks across the Investment Programme. The Risk Control Framework will be used to embed the key principles of risk management within the Combined County Authority's governance and audit and risk systems promoting and evolving a best practice culture and continuous learning.

This will assist with broader aspects of risk and can be applied across related areas subject to organisational risk. This may include -

- Finance, accounts – governance statements
- Risk assurance between project teams, accountable officers audit and finance
- Risk assurance external government reporting

The structure of the Risk Control Framework will be evolved as the Risk management Framework is designed and defined around the emerging Investment programme. It will, nevertheless, be guided by the four pillars 3 lines model set out in the HMT Orange book 2020. The Combined County Authority will utilise this model to embed, implement and evolve robust risk management cultures across the organisation's operational teams. It will also ensure that the Authority's appointed external advisors will include broad subject matter experts around risk management and be able to significantly augment the Authority's Assurance and Governance teams to strengthen, evolve, refine a comprehensive risk mapping reporting and delivery.

The Combined County Authority recognise the importance of developing, evolving and shaping a strong risk management culture, applying the 4 Pillars, 3 lines model will ensure it is embedded through its assurance, governance internal audit processes; and ensuring that regular review of both the Risk Management & Control Frameworks is subject to third party assurance sign off.

5. Project Lifecycle

5.1 Effective monitoring and Evaluation

5.1.1 Relevance of Monitoring & Evaluation

The Combined County Authority's overall approach to Monitoring and Evaluation will be underpinned by transparency and the following key principles:

- Reporting requirements are locally defined and support delivery of local strategies
- Regular reporting through CCA's democratic & governance processes. This will include finance budget and performance data, with published papers to the Investment Board and Overview and Scrutiny Committee, as applicable, containing appropriate plans and performance indicators; including where appropriate details of any project and or programme slippage.
- Evaluation is meaningful and proportionate
- Data is collected once and used many times in accordance with legal requirements. Baseline information is consistent across key initiatives
- Monitoring and evaluation are a core part of all activities
- Lessons learned are used to inform future policy development

This will enable the Combined County Authority to:

- demonstrate local accountability. Show how funding is being spent and benefits achieved against local strategies and action plans, demonstrating the value and effectiveness of local decision making and shaping future priorities.
- comply with external scrutiny. Together with the Assurance Framework, demonstrate progress and delivery to the constituent council members, senior Government officials and Ministers
- understand what works. Provide a feedback loop and enables the lessons learnt to be fed back into policy making and communicated to stakeholders, as well as supporting the case for further devolution and investment in the area.
- develop an evidence base. Provide a mechanism for collecting, collating and analysing data which can be used across the organisation and by others, following the principle of collecting data once and using many times subject to relevant legal requirements.
- ensure quality assurance. For interventions funded through investment programme, Monitoring & Evaluation plans form part of business case submissions, and these are independently reviewed and published to support business case approval decisions by the Combined County Authority.

5.1.2 Performance Monitoring

All projects funded through the investment programme, regardless of the size, will have an effective monitoring and evaluation plan in place which will form a key part of the business case. This will enable assessment of the effectiveness and impact of investing public funds, and the identification of best practice and lessons learnt that can inform decisions about future delivery. The monitoring plan will guide the collection of data from individual projects and will be designed to ensure that it captures information required by the Combined County Authority and Government.

Individual monitoring and evaluation plans will be proportionate, correspond with procedures for appraisal and be in line with the latest Government department guidance where relevant. These plans will identify the resources required to deliver the proposed monitoring and evaluation activities. All monitoring and evaluation plans and interim and final monitoring and evaluation reports will be published on the Combined County Authority website.

For the Investment Fund, the evaluation component of individual projects' monitoring, and evaluation plans will complement the five-year Gateway Review. This Government evaluation will focus on identifying the impact of investments made using this funding.

5.1.3 Monitoring and Evaluation Responsibilities

Monitoring and Evaluation Plans, which form part of business cases, should identify the outcomes (benefits) planned to be delivered, how outcomes will be measured, a baseline assessment, and how it is intended to implement, monitor and assess the project to identify whether the benefits have been realised in line with the approach and timescales set out in the Plan. As set out below, the Project Delivery Report will confirm the monitoring activities set out in the Monitoring and Evaluation Plan. This report will also identify lessons learnt to inform the future delivery of projects through the Combined County Authority investment programme and more widely.

Projects will be required to submit quarterly monitoring reports (financial, output, and narrative) explaining their progress to spend and delivery targets and noting specific changes to the project and challenges in delivery. A variance of 10% or more on spend and delivery targets will trigger a review by the CCA, and the promoter will be written to requesting a written response detailing why the project has changed. The CCA reserves the right to recover or withhold all or part of the funding supplied for a project in these circumstances:

- The project is not delivered within agreed dates
- The project delivered differs from that specified
- The outcomes demonstrated through post-delivery evaluation fall short of those on which the value for money assessment and business case were based
- The outputs identified in the Business Case are not delivered.

Monitoring reports will be summarised for consideration on a quarterly basis by the appropriate board, using a RAG rating system. In line with good practice, and to support effective and robust decision making, monitoring reports to the board will typically summarise good progress and areas of good practice. The report will also highlight risks to the delivery of the programme. If projects are highlighted as High Risk due to poor output delivery, then an escalation process will be applied. If the board considers it appropriate, promoters will be invited to the Board to explain the slippage. The Investment Board will take local circumstances into account when making recommendations decisions to the CCA Board over whether funding should be withheld or recovered.

5.1.4 Expectations from projects

Projects are expected to deliver the outputs that were proposed in their business cases and to fulfil all the requirements set out in their grant offer agreement. The CCA will have an Evaluation Framework which will set out the monitoring information and evaluation that will be required. All projects will be expected to submit regular monitoring information and evaluation in line with this Framework.

5.2 Enforcement

5.2.1 Recovery of non-compliant funding

The Combined County Authority will have appropriate processes in place to recover non-compliant funding. Should a decision be made not to recover funding, a strong and compelling justification will be required which will be formally documented.

The Grant offer agreement for each project will detail the action that will be taken if there is evidence of non-compliance. The promoter is required to identify the risks in the detailed business case for the delivery of the wider project and the potential outputs delivered at each stage if the additional approvals/funding is not forthcoming. The project will be submitted to the appropriate board to recommend funding approval to the CCA, and this will be subject to any future funding only being released once evidence of the outstanding requirements are provided to the board and Accountable Body.

The funding will initially be by way of a grant and will be subject to clawback if the project has changed significantly, and this is not approved by the CCA. The grant given may require some form of security for example, a charge on the land.

5.2.2 Project non-compliance

The Combined County Authority has the right to withhold funding if the project delivery expectations defined at inception are not met within the agreed funding period.

The promoter is required to identify the risks in the detailed business case for the delivery of the wider project and the potential outputs delivered at each stage. The project will be submitted to the relevant decision-making body for review if in the opinion of the CCA the project has significantly changed (by 10% or more) from what was originally proposed (i.e. spend, profile, outputs and outcomes, or delivery), and will be subject to any future funding only being released once a satisfactory response is provided to the CCA. Projects may also be asked to update the Investment Board on a timeframe agreed by the Investment Board.

5.3 Project Closure

5.3.1 Requirements relating to closure reports

The Promoter of all projects are required to produce an End of Project Delivery Report at the end of the project (within 3 months of completion), which demonstrates that:

- All activities have been delivered in accordance with the offer letter.
- All funding has been spent appropriately in line with the projected financial profile for the project. In addition, final grant claims are accompanied by an audit report.
- There are no outstanding risks or actions that need to be taken to sign the project off by the Combined County Authority.
- All relevant outputs and key milestones have been achieved.
- The key successes and lessons learnt from the project.
- Confirmation of the evaluation activities to be subsequently undertaken, when these will take place and the lead contact who is responsible for ensuring this occurs.

A summary of these reports will be published on the CCA website.