



Agenda

Governance and Audit Committee

Date: **Wednesday 10th December 2025**

Time: **2.00 pm**

Place: **Aura, Bridgehead Business Park, Hessle**

Membership

Councillor Calvin Neal	(Chair)
Councillor Margaret Corless	
Councillor Haroldo Herrera-Richmond	
Councillor Paul Hopton	
Councillor Tim Kemp	
Councillor Michael Lee	
Councillor Deborah Matthews	
Councillor Tim Norman	

For any further information relating to committee, agenda, reports, apologies and substitutions please contact the Democratic Services Officer, Paul Rawcliffe at Paul.Rawcliffe@hullcc.gov.uk or call democratic services on 01482 615016.

Item
1. APOLOGIES To note the apologies for absence received in advance of the meeting. <i>(Please notify Democratic Services before the meeting)</i>
2. DECLARATIONS OF INTEREST To receive declarations of interest in respect of agenda items.
3. GOVERNANCE & AUDIT COMMITTEE WORKPLAN UPDATE To present an outline workplan for the Governance & Audit Committee for 2025-26 (Appendix 1) which sets out report/project scheduling to cover areas of responsibility as set out in the Committee Terms of Reference.
4. INTERNAL AUDIT PROGRESS REPORT To provide an update on the internal audit.
5. FINANCE AND TREASURY MANAGEMENT UPDATE To present an update and provide assurance on the authority's budget, spending and funding position for 2025-26, alongside treasury management arrangements.
6. HULL AND EAST YORKSHIRE COMBINED AUTHORITY – CONSTITUTION REVIEW The purpose of this report to Governance & Audit Committee is to propose arrangements for a comprehensive review of the Constitution.
7. HULL AND EAST YORKSHIRE SINGLE ASSURANCE FRAMEWORK REVIEW To consider the Single Assurance Framework and provide feedback.

Members of the public can:

- Attend all public combined authority meetings unless the business to be transacted would disclose 'confidential' or 'exempt' information.
- Inspect agenda and public reports before the date of the meeting.
- Access agenda and reports (relating to items to be considered in public) as well as membership of Overview and Scrutiny, Audit and Executive Board and any other relevant public combined authority committees, these are available at <https://www.hullandeastyorkshire.gov.uk/>

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- Members of the public are advised that if you do not wish to be filmed or photographed you should let the democratic service know before the meeting starts so that anyone who intends filming or photographing the meeting can be made aware.
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OFFICIAL

Hull and East Yorkshire Combined Authority

Governance and Audit Committee

22nd September, 2025, at 2.00 p.m.

Ergo, Bridgehead Business Park, Hessle

PRESENT:-

Councillors K. Neal (Chair), Corless, Herrera-Richmond, Hopton, Kemp, Lee, Matthews and Norman.

IN ATTENDANCE:-

J. Neilson (Interim Director of Finance and Interim Section 73 Officer), B. Boyes (Chief Audit Executive (South Western Audit Partnership - Internal Audit Services)), J. La Grua (Strategic Director of Legal and Governance (Interim Monitoring Officer)), and P. Rawcliffe (Democratic Services Officer).

APOLOGIES:-

None received.

Minute No.	Description/Decision	Action By/Deadline
PROCEDURAL ITEMS		
1	DECLARATIONS OF INTEREST No declarations of interest were made in respect of the items that follow below.	
2	APPOINTMENT OF CHAIR AND DEPUTY CHAIR The Committee considered the positions of the Chair and Deputy Chair of the Committee. Members also raised the quorum for the meeting, and suggested that it was set too high. Agreed - a) That the appointment of Councillor K. Neal as Chair of the Governance and Audit Committee, be noted; b) that Councillor Corless be appointed as Deputy Chair of the Governance and Audit Committee, and c) that the Hull and East Yorkshire Combined Authority be requested to consider reducing	Democratic Services Officer

	the quorum for this meeting to six members.	
3	<p>NAMED SUBSTITUTES</p> <p>The Chair reminded the members of the Committee that, if they had not already done so, they should provide details of their named substitute to Democratic Services.</p> <p>Agreed – That the report be noted.</p>	
4	<p>TERMS OF REFERENCE AND FORWARD WORK PLAN</p> <p>The Strategic Director of Legal and Governance (Interim Monitoring Officer) submitted a report which presented an outline Workplan for the Governance and Audit Committee for 2025/26. Appendix 1 set out report/project scheduling to cover areas of responsibility as set out in the Committee's Terms of Reference, which were attached to the report as Appendix 2.</p> <p>It was intended that the Workplan would be fully considered and developed at the scheduled away day in October, 2025, during which appropriate linkages could be made with the wider governance structure. It was important that, in the early stages of the Combined Authority, the Governance and Audit Committee's Workplan remained flexible and was regularly reviewed.</p> <p>Discussion took place around how the Committee would maintain the standards of conduct of the Members of the Combined Authority; the schedule for considering the Combined Authority's accounts, incorporating time for this Committee to consider the draft accounts, and the ongoing process to appoint an Independent Person.</p> <p>Agreed – That the Governance and Audit Committee's outline Workplan for 2025/26, to be used as a baseline for further consideration and regular review, be received.</p>	Strategic Director of Legal and Governance (Interim Monitoring Officer)
5	<p>INTERNAL AUDIT STRATEGIC PLAN AND CHARTER 2025/26</p> <p>The Interim Director of Finance and Interim Section 73 Officer submitted a report which explained that the Internal Audit Strategic Plan represented a summary of the coverage that the South Western</p>	The Interim Director of Finance and Interim Section 73 Officer

	<p>Audit Partnership (SWAP) Internal Audit Team aimed to deliver under the agreed Service Level Agreement.</p> <p>To develop an appropriate risk-based programme of work, SWAP had consulted with key Officers and reviewed available documentation. As the Hull and East Yorkshire Combined Authority developed, the Strategic Plan would be updated accordingly in consultation with stakeholders.</p> <p>Prior to the start of each financial year, the Chief Audit Executive, in conjunction with senior management, puts together a proposed plan of audit work. The objective of that planning process and subsequent plan was to put SWAP in a position to provide a well informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.</p> <p>The Internal Audit Charter and Mandate defined the nature, role, responsibility, status and authority of internal auditing within HEYCA and outlined the scope of work, thereby providing context for consideration of the proposed Internal Audit Strategic Plan (Appendix 1 of the report refers). That document had been reviewed in accordance with the new Global Internal Audit Standards, effective from April, 2025.</p> <p>Discussion took place around the project management approach of Internal Audit, and how the assurance and advisory work would inform the decision making process.</p> <p>Agreed - That the Internal Audit Strategic Plan 2025/26, and the Internal Audit Charter and Mandate, be agreed.</p>	
6	<p>FINANCE AND TREASURY MANAGEMENT UPDATE</p> <p>The Interim Director of Finance and Interim Section 73 Officer submitted a report which updated and provided assurance to the Committee on the Combined Authority's budget; spending, and funding position for the 2024/25 and 2025/26 financial years, alongside treasury management arrangements.</p> <p>To facilitate this, reports to the Executive Board</p>	<p>The Interim Director of Finance and Interim Section 73 Officer</p>

	<p>were attached to the report as appendices. Appendix A detailed the Combined Authority's Budget 2024/25 and 2025/26. Appendix B was the Financial Position Statement 2024/25, and Budget Outlook 2025/26.</p> <p>Discussion took place around the Mayor's Community Fund; the options for the Business Plan to be considered by the Executive Board, and the Project Plans submitted to the Government regarding the Hull and East Yorkshire Solar Top-Up Scheme and the South Cliff Holiday Park Solar Expansion and Battery Addition.</p> <p>Agreed –</p> <ul style="list-style-type: none"> a) That the update be noted, and b) that the Treasury Management Policy; Treasury Management Strategy, and Minimum Revenue Provision Policy, approved by the Executive Board, be endorsed. 	
7	<p>DATE AND TIME OF NEXT MEETING</p> <p>Agreed – That it be noted that the next meeting of this Committee takes place on Wednesday, 10th December, 2025, at Ergo, Bridgehead Business Park, Hessle, commencing at 2.00 p.m.</p>	



Report to: Governance & Audit Committee

Date: 10 December 2025

Governance & Audit Committee Workplan 2025-26

**Report of the Strategic Director of Legal & Governance and Monitoring Officer
(Interim)**

1. Purpose of the Report and Summary

- 1.1. To present an outline workplan for the Governance & Audit Committee for 2025-26 (Appendix 1) which sets out report/project scheduling to cover areas of responsibility as set out in the Committee Terms of Reference (Appendix 2).
- 1.2. It is intended that the workplan will be more fully considered and developed at the scheduled away day in October during which appropriate linkages can be made with the wider governance structure. It is important that in the early stages of the Combined Authority that the Governance & Audit Committee workplan remains flexible and is regularly reviewed. As such, the workplan is presented for further review, update and discussion.

2. Recommendations

- 2.1. That the Governance & Audit Committee receives the outline workplan for 2025-26 for review.
- 2.2. That the Governance & Audit Committee considers its quoracy requirements for its future proceedings.

3. Legal Implications

- 3.1. Governance matters to be considered by the Governance & Audit Committee are included in the workplan.

4. Financial Implications

- 4.1. Financial matters to be considered by the Governance & Audit Committee are included in the workplan.

5. Appendices

Appendix 1: Governance & Audit Committee Draft Workplan 2025/26
Appendix 2: Governance & Audit Committee Terms of Reference

Tony Maione
Strategic Director of Legal & Governance and Monitoring Officer (Interim)

Appendix 1



Governance & Audit Committee Workplan 2025-26 (v2)

	22 Sept 2025	10 Dec 2025	18 Mar 2026	xx July 2026
Governance				
Assurance Framework		✓		
Constitution		✓		
Policy Framework		✓		
Code of Conduct			✓	
Partnership Governance			✓	
Information Governance			✓	
Business Continuity				✓
Whistleblowing Policy		✓		
Financial				
Annual Accounts				✓
Annual Governance Statement				✓
Key Financial Updates	✓		✓	
Financial & Contract Procedure Rules		✓		
Treasury Management	✓	✓		✓
Internal Audit				
Internal Audit Plan & Charter	✓			
Internal Audit Progress Reports		✓	✓	
Annual Report & Opinion				✓
External Audit				
External Audit Plan & Strategy		✓		
External Audit Progress Reports			✓	✓
External Audit Annual Report				
Counter Fraud				
Counter Fraud Policies		✓		
Counter Fraud Updates (Proactive)		✓	✓	✓
Counter Fraud Updates (Reactive)		✓	✓	✓
Risk Management				
Risk Management Policy		✓		
Risk Update Reports		✓	✓	✓

Appendix 2

**Governance and Audit Committee Terms of Reference**

The Governance and Audit Committee is authorised:

1. To review and scrutinise the Combined Authority's financial affairs.
2. To review and assess the Combined Authority's risk management, internal control and corporate governance arrangements.
3. To make reports and recommendations to the Combined Authority in relation to reviews conducted under paragraphs 1 and 2 above.
4. To consider the findings of a review of the effectiveness of the system of internal control and approve the annual governance statement.
5. To consider and approve the statement of accounts.
6. To consider and approve the annual audit plan.
7. To consider external audit arrangements and reports and consider any audit letter from the local auditor following an audit.
8. To receive and consider an annual report from the External Auditor.
9. To promote and maintain high standards of conduct by members and co-opted members of the Combined Authority.
10. To advise the Combined Authority in relation to:
 - adopting, revising or replacing its Members' Code of Conduct;
 - appointing at least one independent person; and
 - arrangements for investigating and making decisions about allegations of failing to comply with the Members' Code of Conduct.
11. To consider and determine any allegation of failing to comply with the Members' Code of Conduct.

Hull and East Yorkshire Combined Authority

Internal Audit Progress Report

December 2025

Internal Audit Strategic Plan

We keep our audit plans under regular rolling review to ensure that we are auditing the right things at the right time.

As HEYCA develops, the agreed Internal Audit plan will align and flex. Our work on assurance mapping will inform this rolling review will the developing risk management framework.

2025-26 Key Plan Deliverables

Assurance Mapping

Risk Management

Decision Making

Ethical Health

Combined Financial Systems

Procurement, Contracts, Partnerships

Strategic Themes

The contacts at SWAP in connection with this report are:

Benita Boyes

Assistant Director

Benita.Boyes@swapaudit.co.uk

Jessica Croman

Principal Auditor

Jessica.Croman@swapaudit.co.uk

Audit Plan 2025-26 Progress & Developments

We flex our rolling programme of audit work to ensure it reflects the changing risk profile of the organisation's operations, systems and controls. The agreed plan provides for flexibility in coverage and scope and includes provision for responsive activity. Progress with the plan since its presentation to the Governance & Audit Committee on 22nd September 2025 are summarised below.

Assignment	Details
Financial Resilience Financial Control <i>Completed - Feb to Oct 25</i> <i>Ongoing - Monthly Analysis</i>	<p>Financial Transactions Data Analytics has been provided as an advisory piece which underpins assurance activity for financial control. Analytical review work was undertaken to explore any possible trends identified by the data to indicate potential irregularity, errors, or inconsistencies in respect of payments and income transactions.</p> <p>Data matching was completed against vendor, value, invoice number, and an analysis of potential duplicate payments was completed. This review covered all payments and income for the period February to October 2025. This review has not identified significant irregularity or error.</p> <p>The observations from this first data analytics exercise are summarised in the report and supported by data extracts. An interactive dashboard has been created to provide a facility for extended officer insight into the data analysis. Ongoing monthly analysis will be conducted by Internal Audit to support continued monitoring and insights and will guide assurance activity.</p>
Workforce <i>Scoped for Dec/Jan</i>	<p>HEYCA's workforce processes will be reviewed to assess the adequacy of controls to mitigate the risk of inconsistency, non-compliance, and inefficiency as procedures are developed and become embedded which may lead to financial, operational, or reputational impacts if not properly managed.</p> <p>Key control areas include recruitment processes and checks, decision approvals and underpinning documentation (including those relating to agency and temporary appointments (including IR35 compliance)).</p>

Internal Audit Strategic Plan

Assignment	Details													
<div>Governance</div> <div>Assurance mapping</div> <div>In progress</div>	<p>An Assurance Map framework has been drafted and is currently being populated. Its purpose is to document existing and required assurance activities across key risk areas in order to identify gaps, overlaps, and opportunities for improvement in the organisation’s assurance framework. This will strengthen decision-making, accountability, and risk management across HEYCA’s evolving operations. It is desirable for assurance mapping to become embedded in risk, governance and control arrangements to achieve a sustainable and connected approach. Assurance mapping will, in some cases, be a signpost (and not seek to replicate existing organisational frameworks).</p> <p>This output will provide a useful tool for senior management and the Board, and inform Internal Audit activity (and guide any flexing required in the Internal Audit plan). Also, the development process in itself is likely to generate a number of useful challenges around the assurance landscape.</p> <p>An important outcome of the assurance mapping exercise is to understand the third party assurances which are required (from funders etc) and who is delivering these. Similarly where SLAs exist, the assurance arrangements associated with the service delivery should be defined. An example extract of the assurance map model being applied is provided below for illustrative purposes.</p> <p><i>Example format</i></p> <table><tr><th rowspan="2">Area of Assurance</th><th rowspan="2">Area of coverage/focus</th><th colspan="3">Source of Assurance</th></tr><tr><th>First Line - Management</th><th>Second Line - Oversight</th><th>Third Line - Independent</th></tr><tr><td>Risk Management</td><td>Risk strategy; risk identification and management process; reporting arrangements.</td><td>Corporate risk register supported by operational risk registers Risk owner identified for each risk Leadership review of central risk register containing high score risks</td><td>Board oversight of risk management arrangements. Regular review of risk registers/action plans by Senior Managers Board review of Risk Management Policy, risk registers/action plans, Annual Risk Management report</td><td>External Audit of Annual Governance Statement within Financial Statements Annual Regularity Audit Internal Audit – Risk Maturity Review Internal Audit Annual Report</td></tr></table>	Area of Assurance	Area of coverage/focus	Source of Assurance			First Line - Management	Second Line - Oversight	Third Line - Independent	Risk Management	Risk strategy; risk identification and management process; reporting arrangements.	Corporate risk register supported by operational risk registers Risk owner identified for each risk Leadership review of central risk register containing high score risks	Board oversight of risk management arrangements. Regular review of risk registers/action plans by Senior Managers Board review of Risk Management Policy, risk registers/action plans, Annual Risk Management report	External Audit of Annual Governance Statement within Financial Statements Annual Regularity Audit Internal Audit – Risk Maturity Review Internal Audit Annual Report
Area of Assurance	Area of coverage/focus			Source of Assurance										
		First Line - Management	Second Line - Oversight	Third Line - Independent										
Risk Management	Risk strategy; risk identification and management process; reporting arrangements.	Corporate risk register supported by operational risk registers Risk owner identified for each risk Leadership review of central risk register containing high score risks	Board oversight of risk management arrangements. Regular review of risk registers/action plans by Senior Managers Board review of Risk Management Policy, risk registers/action plans, Annual Risk Management report	External Audit of Annual Governance Statement within Financial Statements Annual Regularity Audit Internal Audit – Risk Maturity Review Internal Audit Annual Report										
<div>Decision Making</div> <div>(Compliance with Constitution & Policy framework)</div> <div>In progress</div>	<p>The audit will focus on a sample of procurements to evaluate whether decisions were made in accordance with internal policies, and value for money principles. Compliance will be assessed with HEYCA’s internal procurement policies (contract procedure rules and financial regulations), delegations; supplier selection, tendering processes, contract award decisions etc.</p> <p>This audit has been scoped and supporting documentation requested to underpin the examination of a sample of procurement areas to assess the adequacy, transparency, and compliance of decision-making processes within HEYCA including Value for Money. As HEYCA manages significant funding and projects, robust procurement and decision-making processes are essential.</p>													

Internal Audit Service

This Internal Audit Strategic Plan represents a summary of the coverage and approach that the SWAP Internal Audit team aims to deliver under the agreed SLA for HEYCA.

Following the completion of assurance mapping and the development of risk register(s), the areas of coverage may need to be refined.

Internal Audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. Internal Audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.



Internal Audit Strategy

Assurance Theme	Areas of coverage	Yr1	Yr2	Yr3
Governance	<i>Assurance Mapping</i>	✓		
	Risk (& Opportunity) Management	✓		✓
	<i>Decision Making (Compliance with Constitution & policy framework)</i>	✓		✓
	Ethical Health (Counter Fraud, Environment, Social Value)	✓	✓	✓
	Data Quality & Management Information		✓	
	Business Continuity & Disaster Recovery		✓	
	Information Governance & Security		✓	✓
Financial Resilience	<i>Financial Control - Combined financial systems (incl workforce)</i>	✓	✓	✓
	Financial Planning Management and Investment (incl capital)		✓	
	Value for Money Arrangements			✓
Contracts, procurement, Projects & Partnerships	<i>Procurement</i> & Contract Management	✓		✓
	Stakeholder Management/Partnership Governance	✓		
	Project Management		✓	✓
Strategic Themes	Adult Skills Fund		✓	✓
	Shared Prosperity Fund	✓		✓
	Transport	✓		✓
	Other		✓	

Italised areas reflect where work is underway

Internal Audit Context Map

This 'context map' places Internal Audit coverage alongside 2nd and 3rd line assurances. This is being developed as part of the assurance mapping work underway and will evolve.

Internal Audit Context Map						
Assurance Universe	Strategic Risk(s)	IA Coverage 25/26	IA Coverage 26-27	IA Coverage 27-28	External Assurance	2 nd Line Oversight
Governance		Assurance mapping Decision Making	Decision Making	Decision Making	MHCLG	Governance & Audit C'tee Monitoring Officer
Risk (& Opportunity) Management		Risk Register & Controls	Risk Maturity Insurance	Risk Register & Controls		Governance & Audit C'tee ERYC Risk Management SLA ERYC Finance SLA
Performance Management (DQ & MI)		Data Quality	Management Information	Data Quality		Scrutiny C'tee
Ethical Health		Fraud Baseline Assessment Fraud Policies Declarations	Social Value	Declarations ESG		Governance & Audit C'tee Monitoring Officer
Business Continuity/ Disaster Recovery		IT Loss/Failure	BCPs	IT Loss/Failure		ERYC ICT SLA
Information Governance & Security		Data Protection Cyber Security/Assurance	Transparency/FOI	IT Procurement Cyber Security/Assurance		Hull Legal SLA ERYC ICT SLA
Financial Resilience		Payments/Income Procurement Cards Grants Governance Treasury Management	Budget Monitoring	Financial Planning/Mgt VfM Arrangements Treasury Management	External Audit	Governance & Audit C'tee ERYC Finance SLA S73 Officer
Contracts, Procurement & Partnerships, Projects		Procurement Compliance Contract Management	Partnership Governance Project Management	Procurement Compliance Contract Management		Scrutiny C'tee
Workforce		Payroll, Expenses Policy Framework Recruitment (incl Agency & IR35)	Payroll, Pensions, Workforce Planning	Payroll, Expenses Performance Health, Safety & Wellbeing	HSE	ERYC Payroll SLA
Adult Skills, Housing, Environment, Economy, Transport		Grants Certification Shared Prosperity Fund Transport	Adult Skills Fund	Adult Skills Fund	DfE DfT	Scrutiny C'tee

Nature, role, responsibility, status and authority of Internal Audit within HEYCA and outline scope of work

Purpose of Internal Audit

Internal Audit (provided by SWAP) creates, protects, and sustains value by providing independent, risk-based, and objective assurance, advice, insight, and foresight, that meets rigorous professional standards. It helps HEYCA accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Internal Audit function is most effective when it is:

- performed by competent professionals in conformance with the Global Internal Audit Standards in the UK Public Sector which are set in the public interest;
- independently positioned with direct access and freedom to report senior management and to the Governance & Audit Committee; and
- free from undue influence and committed to making objective assessments.

Commitment to Adherence to the Global Internal Audit Standards

The Internal Audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards (GIAS) and Topical Requirements subject to the Application Note for UK Public Sector Internal Audit. The Chief Audit Executive will report to the HEYCA Governance & Audit Committee. Conformance with GIAS will be assessed through a quality assurance and improvement programme, managed and monitored by SWAP's Executive Leadership Team and Board.

Mandate

The Accounts and Audit (England) Regulations state that: *"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance."*

HEYCA's Constitution grants the Internal Audit function the mandate to provide senior management and Governance & Audit Committee with objective assurance, advice, insight, and foresight and to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out Internal Audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques and issue communications to accomplish objectives
- Obtain assistance, as necessary, from HEYCA personnel, partners or agents and other (internal/external) specialised services to support/complete activity

Independence, Organisational Position and Reporting

The Chief Audit Executive will be positioned at a level in the organisation that enables Internal Audit activities and responsibilities to be performed without interference from management, thereby establishing independence. The Chief Audit Executive will report functionally to the Governance & Audit Committee and administratively (for example, day-to-day operations) to the Chief Financial Officer (s73 Officer) . This positioning provides authority and status to bring matters directly to senior management and escalation to the Governance & Audit Committee, when necessary, without interference and supports the Internal Auditors' ability to maintain objectivity.

The Chief Audit Executive will confirm to the Governance & Audit Committee, at least annually, the organisational independence of the Internal Audit function and, if necessary, document the characteristics of the governance structure limiting independence and any safeguards employed. The Chief Audit Executive will disclose to the Governance & Audit Committee any interference Internal Audit encounters related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on Internal Audit's effectiveness and ability to fulfil its Mandate.

In addition to the reporting lines outlined above, the Chief Executive of SWAP and Assistant Director (Chief Audit Executive) have the unreserved right to report directly to the Mayor, Chair of the Governance & Audit Committee, Chief Executive Officer and External Audit Manager. The Chief Executive of SWAP is responsible to SWAP's Board of Directors and Members Meeting. Appointment or removal of the Chief Executive of SWAP is the sole responsibility of the Members Meeting.

Changes to the Charter and Mandate

Circumstances may justify a follow-up discussion between the Chief Audit Executive, senior management and Governance & Audit Committee on the Internal Audit Charter and Mandate. Such circumstances may include but are not limited to significant changes to:

- Global Internal Audit Standards in the UK Public Sector
- Acquisition or re-organisation within the organisation
- Chief Audit Executive, Governance & Audit Committee, Senior management
- Organisation strategies, objectives, risk profile, or environment in which HEYCA operates
- Laws or regulations that may affect the nature and/or scope of Internal Audit services

Governance & Audit Committee Oversight

To establish, maintain, and ensure that the Internal Audit function has sufficient authority to fulfill its duties, the Governance & Audit Committee will:

- Discuss with the Chief Audit Executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the Internal Audit function
- Annually review and approve the Internal Audit Charter (which includes the mandate) and scope/type of internal audit activity with the Chief Audit Executive to consider changes in the type, severity, and interdependencies of risks to the organisation
- Approve the risk-based rolling Internal Audit plan and receive communications from the Chief Audit Executive on performance relative to the plan.
- Ensure the Chief Audit Executive has unrestricted access to, communicates, and interacts directly with the Governance & Audit Committee, including (as required) in private meetings without senior management present
- Ensure the application of a protocol agreed with HEYCA to notify the Chief Audit Executive of all suspected or detected fraud, corruption, or impropriety
- Participate in discussions with the Chief Audit Executive and senior management about the "essential conditions," described in the Global Internal Audit Standards in the UK Public Sector, which establish the foundation that enables an effective Internal Audit function
- Collaborate with senior management and the SWAP Members Board to confirm the budgets, qualifications, and competencies the organisation expects in a Chief Audit Executive, as described in the Global Internal Audit Standards in the UK Public Sector, and the Internal Audit function

- Ensure a quality assurance and improvement programme is in place and review the results annually including arrangements to review the Chief Audit Executive's performance
- Make appropriate inquiries of management and the Chief Audit Executive to determine whether any scope or resource limitations are inappropriate

Chief Audit Executive Roles and Responsibilities

The Chief Audit Executive will ensure that Internal Audit:

- Conforms with Global Internal Audit Standards, including principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of HEYCA and be able to recognise conduct contrary to those expectations
- Encourage and promote an ethics-based culture
- Report organisational behaviour inconsistent with the its ethical expectations, as described in applicable policies and procedures

Objectivity

The Chief Audit Executive will ensure the Internal Audit function remains free from conditions that threaten the ability of Internal Auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Chief Audit Executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal Auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality and do not subordinate their judgement on audit matters to others, either in fact or appearance. Internal Auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, Internal Auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgement, including:

- Assessing specific operations for which they had responsibility within the previous year
- Performing operational duties for HEYCA or its affiliates
- Initiating or approving transactions external to the Internal Audit function
- Directing activities of HEYCA employees not employed by the Internal Audit function, except to the extent that such employees have been appropriately assigned to Internal Audit teams or to assist/collaborate with Internal Auditors

Internal Auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties
- Exhibit professional objectivity in gathering, evaluating, and communicating information
- Make balanced assessments of all available and relevant facts and circumstances
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence

Managing the Internal Audit Function



SWAP Internal Audit Work is completed to comply with Global Internal Audit Standards and all other guidance recognised by the UK Public Sector's Relevant Internal Audit Standards Setters

The Chief Audit Executive has the responsibility to:

- At least annually, submit a risk-based Internal Audit plan to senior management and the Governance & Audit Committee for review
- Communicate the impact of resource limitations on the Internal Audit plan to senior management and Governance & Audit Committee
- Review and adjust the Internal Audit plan, as necessary, in response to changes to HEYCA's business, risks, operations, programmes, systems, and controls
- Communicate with senior management and Governance & Audit Committee if there are significant changes to the Internal Audit plan
- Ensure Internal Audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards
- Follow up engagement findings and confirm implementation of action plans
- Communicate overall results of Internal Audit activities to senior management and Governance & Audit Committee and for each engagement, as appropriate
- Ensure the Internal Audit function collectively possesses or obtains the knowledge, skills and other competencies needed to meet the requirements of the Global Internal Audit Standards in the UK Public Sector and fulfil the Internal Audit Charter & Mandate
- Identify and consider trends, successful practices and emerging issues that could impact HEYCA and communicate to senior management and the Governance & Audit Committee, as appropriate
- Establish and ensure appropriate adherence to methodologies designed to guide the Internal Audit function
- Ensure adherence to HEYCA's relevant policies and procedures unless these conflict with the Internal Audit Charter & Mandate or Global Internal Audit Standards in the UK Public Sector. Any such conflicts will be resolved or documented and communicated, as appropriate, to senior management and Governance & Audit Committee
- Co-ordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. Internal Audit will co-ordinate its work with others wherever this is beneficial to the organisation. If the Chief Audit Executive cannot achieve an appropriate level of co-ordination the issue will be communicated/escalated

Communication with Senior Management and Audit Committee

The Chief Audit Executive will report periodically to senior management and Governance & Audit Committee regarding:

- The Internal Audit function's Mandate
- The Internal Audit plan and progress updates including results of assurance and advisory services, significant revisions to work areas and performance
- Potential impairments to independence, including relevant disclosures
- Results from the quality assurance and improvement programme, which includes conformance with the Global Internal Audit Standards in the UK Public Sector and action plans to address any deficiencies and opportunities for improvement
- Significant risk exposures and control issues, including fraud risks, governance issues and other areas of focus
- Management's responses to risk that Internal Audit determines may be unacceptable

Quality Assurance and Improvement

SWAP's Executive Leadership Team in collaboration with the Chief Audit Executive will develop, implement and maintain a quality assurance and improvement programme that covers all aspects of the Internal Audit function including external and internal assessments of conformance with Global Internal Audit Standards in the UK Public Sector, as well as performance measurement to assess the function's progress against its objectives and promotion of continuous improvement. The programme will also assess, if applicable, compliance with laws and/or regulations relevant to Internal Auditing and include plans to address deficiencies and develop opportunities for improvement. Annually, the Chief Audit Executive will communicate with senior management and Governance & Audit Committee the results of internal assessments (ongoing monitoring and periodic self-assessments) and external reviews (which must be completed at least once every five years by a qualified, independent assessor or assessment team from outside both SWAP and HEYCA).

Scope and Types of Internal Audit Activities

The scope of Internal Audit activity covers the breadth of HEYCA activities, assets, and workforce and encompasses, but is not limited to, objective examinations of evidence to provide independent assurance and advisory services to the senior management and Governance & Audit Committee on the adequacy and effectiveness of governance, risk management, and control processes. Internal Audit engagements may include evaluating whether:

- Risks relating to the achievement of the Authority's strategic objectives are appropriately identified and managed
- The actions of the HEYCA officers, directors, management, employees, and contractors comply with policies, procedures, and applicable laws, regulations, and governance standards
- The results of operations and programmes are consistent with established goals and objectives and are being carried out effectively and efficiently
- Established processes and systems enable compliance with policies, procedures, laws, and regulations that could significantly impact the Authority
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately

The nature and scope of advisory services may be agreed with requesting parties, providing Internal Audit does not assume management responsibility. Opportunities for improving governance, risk management and controls may be identified during advisory engagements and communicated to appropriate management.

December 2025



Report to: Audit & Governance Committee

Date: 10 December 2025

Internal Audit Progress Report

Report of the Interim Director of Finance (Section 73 Officer)

1. Purpose of the Report and Summary

- 1.1. This Internal Audit progress report presents details of Internal Audit activity since the inaugural meeting of the Audit & Governance Committee on 22nd September 2025.
- 1.2. The report also includes a further iteration of the Internal Audit Charter (& Mandate) as agreed at the last meeting and more expanded information on Internal Audit activity.

2. Recommendations

- 2.1. It is recommended the Audit & Governance Committee notes Internal Audit progress and agrees the updated Internal Audit Charter (& Mandate).

3. Background

- 3.1. Prior to the start of each financial year, the Chief Audit Executive, in conjunction with senior management, puts together a proposed plan of audit work. The objective of our planning process and subsequent plan is to put us in a position to provide a well informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.
- 3.2. Alongside the development of the Combined Authority functions and processes, the scope of the strategic plan is expected to flex based upon stakeholder engagement, document review and the development of an assurance 'map'. An expanded view of the Internal Audit plan is provided as part of a context document as the assurance mapping work progresses. Further flexing will be necessary especially in the light of a developing risk management framework.
- 3.3. The Internal Audit Charter & Mandate defines the nature, role, responsibility, status and authority of Internal Auditing within HEYCA and outlines the scope of work, thereby providing context for the delivery of the Internal Audit Plan. The version presented to the last meeting has now been refined and is attached.

4. Legal Implications

- 4.1. The legal implications are set out in the attached Charter & Mandate.

5. Financial Implications

5.1. The financial implications are unchanged since the previous report.

Julian Neilson
Interim Director of Finance (Section 73 Officer)

Contact Officers:

Julian Neilson, Interim Director of Finance (Section S73 Officer)
Benita Boyes, Chief Audit Executive (SWAP)

Background Papers:

None



Report to: Audit & Governance Committee

Date: 10 December 2025

Finance and Treasury Management Update

Report of the interim Director of Finance (Section 73 Officer)

1. Purpose of the Report and Summary

- 1.1. To present an update and provide assurance on the authority's budget, spending and funding position for 2025-26, alongside treasury management arrangements.
- 1.2. To facilitate this, the Budget Update report presented to the Executive Board on 28 November 2025 is attached as Appendix 1.

2. Recommendations

- 2.1. That the Audit & Governance Committee notes this update.

3. Legal Implications

- 3.1. Legal implications are provided in the relevant sections of Appendix 1.

4. Financial Implications

- 3.1. Financial implications are provided in the relevant sections of Appendix 1.

Julian Neilson
Interim Director of Finance (Section 73 Officer)

Contact Officers:

Julian Neilson, Interim Director of Finance (Section 73 Officer)
Georgina Bristow, Deputy Section 73 Officer

Background Papers:

None



Appendix A

Report to: Hull & East Yorkshire Combined Authority

Date: 28 November 2025

Budget Outlook 2025-26

Report of the interim Director of Finance (Section 73 Officer)

1. Purpose of the Report and Summary

- 1.1. The purpose of this report is to inform the Executive Board of the forecast financial position for 2025-26.
- 1.2. The 2025-26 revenue budget is forecast to outturn with a surplus of £0.7m, following the recommendation within this report. The 2025-26 capital budget for 2025-26 is £56.4m. With the exception of the Investment Fund capital budget of £4.7m, capital budgets will be distributed to the constituent councils to fund agreed spending plans.

2. Recommendations

- 2.1. It is recommended that the Executive Board approves the transfer of any surplus on the Investment Fund budget at outturn to an Investment Fund earmarked reserve.

3. Revenue Budget 2025-26

- 3.1. The forecast outturn position for 2025-26 is a surplus of £0.7m, based on information available as at 30 September 2025 and after the recommendation within this report. The following table details the original budget, revised budget, actuals to 30 September 2025, and the full year forecast (outturn).

2025-26

	Current Budget	Actual to 30 September 2025	Full Year Forecast	Forecast Variance to Revised Budget
	£m	£m	£m	£m
<u>EXPENDITURE</u>				
Operational Costs				
Employee Costs	2.198	0.877	1.840	- 0.358
Members allowances and expenses	0.191	0.037	0.191	-
Travel & subsistence	0.043	0.012	0.036	- 0.007
Communications	0.025	0.001	0.025	-
Corporate Services via SLAs	0.626	0.039	0.626	-
Mayoral Election Costs	1.352	1.352	1.352	-
Supplies and Services	0.316	0.220	0.316	-
Insurance	0.010	0.008	0.010	-
Premises	0.110	0.045	0.110	-
Contingency	-	-	-	-
Total Operational Costs	4.871	2.591	4.506	- 0.365
Investment Programme				
Investment Fund	5.708	-	-	- 5.708
UK Shared Prosperity Fund	7.021	-	7.021	-
Consolidated Active Travel Fund	0.449	-	0.449	-
Rural England Shared Prosperity Fund	0.540	-	0.540	-
Community Investment Fund	1.000	-	1.000	-
Total Operational Costs	14.718	-	9.010	- 5.708
TOTAL EXPENDITURE	19.589	2.591	13.516	- 6.073
<u>INCOME</u>				
Government Grants				
Capacity Fund	- 2.000	- 2.000	- 2.000	-
Investment Fund	- 8.670	- 8.670	- 8.670	-
UK Shared Prosperity Fund	- 6.534	- 6.534	- 6.534	-
Consolidated Active Travel Fund	- 0.449	-	- 0.449	-
DfT - Local Transport Resource Funding	- 0.634	- 0.317	- 0.634	-
MHCLG - NI Contributions Grant	- 0.140	- 0.070	- 0.140	-
DWP - Get Britain Working	- 0.100	- 0.100	- 0.100	-
Rural England Shared Prosperity Fund	- 0.540	- 0.540	- 0.540	-
Other Government Grants	-	-	-	-
Investment income	- 0.522	- 0.424	- 0.809	- 0.287
TOTAL INCOME	- 19.589	- 18.655	- 19.876	- 0.287
NET (SURPLUS) / DEFICIT BEFORE TRANSFERS TO RESERVES	-	- 16.064	- 6.360	- 6.360
Transfer to Reserves	-	-	5.708	5.708
NET (SURPLUS) / DEFICIT	-	- 16.064	- 0.652	- 0.652

- 3.2. The employees costs budget is forecast to outturn with a surplus of £0.4m due to reductions in agency staffing costs.
- 3.3. The Investment Programme is currently forecast to outturn with a surplus of £5.7m. Alongside other favourable budget variances, the overall revenue budget is forecast to outturn with a surplus of £6.4m before transfers to reserves. It is recommended that the surplus on the Investment Fund budget at outturn is transferred to an Investment Fund earmarked reserve.
- 3.4. In summary, it is forecast that HEYCA will contain its revenue costs within the funding resources available for 2025-26 and is forecast to outturn with a surplus of £0.7m, following the recommendation within this report.

4. Capital Budget 2025-26

- 4.1. The current capital budget for 2025-26 is £56.369m and consists of the following capital grants receivable by HEYCA in 2025/26:
 - Local Transport Grant – £15.631m
 - Integrated Transport Block – £3.900m
 - Shared Prosperity Fund – £2.877m
 - Investment Fund – £4.670m
 - Highways Maintenance Block - £26.497m
 - Mayoral Renewables Fund – £1.450m
 - Consolidated Active Travel Fund - £1.344m
- 4.2. It should be noted that the supplementary budget for the Mayoral Renewables Fund approved by the Executive Board on 26 September, has been added to the capital budget rather than the revenue budget, following confirmation of the funding status.
- 4.3. With the exception of the Investment Fund, the capital budgets will be distributed to the constituent councils to fund agreed spending plans. Currently, no plans have been made to deploy the capital element of the Investment Fund.

5. Treasury Management

- 5.1. Treasury management is the management of the authority's borrowing, investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.
- 5.2. East Riding of Yorkshire Council's Finance team is undertaking treasury management for HEYCA with oversight by the Section 73 Officer and in accordance with the treasury management policy and strategy agreed by the Executive Board at its meeting on 5 March 2025.
- 5.3. The interest earned to date on cash balances invested on HEYCA's behalf is £0.424m with an average interest rate of 4.4%. The forecast investment income for the year is £0.809m. The forecast over-achievement of the budget is due to cash balances remaining at a higher level for a longer period than previously forecast.

6. Legal Implications

- 6.1. The Combined Authority is required to agree a balanced budget annually and to monitor that budget throughout the year. In addition, there is a fiduciary duty not to waste public resources, to secure value for money and ensure that good financial governance arrangements are in place.

7. Financial Implications

- 7.1. The financial implications are set out in the body of the report.

Julian Neilson
Interim Director of Finance (Section 73 Officer)

Contact Officers:

Julian Neilson, Interim Director of Finance (Section S73 Officer)
Georgina Bristow, Deputy Section 73 Officer

Background Papers:

None



Report to: Governance & Audit Committee

Date: 10 December 2025

Hull and East Yorkshire Combined Authority – Constitution Review

**Report of the Strategic Director of Legal & Governance and Monitoring Officer
(Interim)**

1. Purpose of the Report and Summary

- 1.1. The Constitution is a document that sets out how the Hull and East Yorkshire Combined Authority (HEYCA) works, makes decisions and the procedures followed to ensure that its work is efficient and effective, and it is transparent and accountable to residents. Some of these procedures are set by law, while others are ones HEYCA has chosen to follow. Our Constitution prescribes that it should be regularly reviewed, including an annual review, to ensure that it reflects HEYCA's current and emerging requirements. This ensures HEYCA can continue to act in the light of experience and practical application.
- 1.2. The purpose of this report to Governance & Audit Committee is to propose arrangements for a comprehensive review of the Constitution. The outcome of this comprehensive review will be to ensure that the Constitution, including any proposed amendments or developments to it, can be formally presented for consideration by this Committee.

2. Recommendations

- 2.1. That the Governance & Audit Committee agree to establish a Constitution Review working group to complete a detailed review of HEYCA's Constitution for presentation to the next meeting of this Committee for its detailed consideration.
- 2.2. That the Monitoring Officer be delegated to carry out all actions necessary to establish, and service, the Constitution Review working group.

3. Legal Implications

There are no legal implications arising from the recommendation in this report.

4. Financial Implications

There are no direct financial implications arising from the recommendation in this report.

5. Appendices

Appendix 1: HEYCA Constitution - [Constitution – Hull and East Yorkshire Combined Authority](#)

Tony Maione
Strategic Director of Legal & Governance and Monitoring Officer (Interim)



Report to: Governance & Audit Committee

Date: 10 December 2025

Hull and East Yorkshire Single Assurance Framework Review

Report of the Strategic Director of Legal & Governance and Monitoring Officer (Interim)

1. Purpose of the Report and Summary

- 1.1. The Hull and East Yorkshire Combined Authority Executive Board approved the Assurance Framework at its inaugural meeting of 31st March 2025. The Assurance Framework is reviewed annually, demonstrating the Combined Authority's ongoing commitment to governance, transparency and accountability across all of its activities. The first review of the Framework is now in progress with the aim of being concluded for approval by the Executive Board at its January meeting.
- 1.2. The Assurance Framework sets out how the Combined Authority will use public money responsibly, openly and transparently, with best value principles at the centre of decision making. The Ministry of Housing, Communities and Local Government requires Combined Authorities to develop their Assurance Frameworks aligned with the English Devolution Accountability Framework (March 2023), and as such the final draft Framework will be submitted for approval by the Department prior to Board approval.
- 1.3. As part of the review process, The Governance and Audit Committee are asked to consider the Framework within their remit and provide feedback.

2. Recommendations

- 2.1. That the Governance & Audit Committee receive the Draft Single Assurance Framework for review and offer any comments or recommendations for inclusion in the final draft.

3. Legal Implications

4. Financial Implications

5. Appendices

Appendix 1: Draft Single Assurance Framework

Tony Maione
Strategic Director of Legal & Governance and Monitoring Officer (Interim)

Hull and East Yorkshire Combined Authority Single Assurance Framework

Working draft

November 2025



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1 Introduction

1.1 Version Control

Version	Date	Amendments	Updated by
Draft	January 2025		
Draft review	November 2025	Programme and strategic updates.	DG/TM/JN

1.2 Purpose of the Single Assurance Framework

This Single Assurance Framework (referred to as Assurance Framework) sets out how the Hull and East Yorkshire Combined Authority (HEYCA) will use public money responsibly, openly and transparently, with best value principles at the centre of decision making.

This edition of the Assurance Framework updates the version published in January 2025. The Framework will continue to be reviewed and updated on an annual basis.

Good governance and accountability are the fundamental principles of the HEYCA in every aspect of its work.

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’*.

This document has been developed in accordance with the [English Devolution Accountability Framework \(March 2023\)](#) and the [HM Treasury Green Book \(November 2022\)](#), including conclusions and recommendations from recent reform ([Green Book Review 2025: Findings and actions](#)). It is designed to demonstrate responsible decision making and accountability to Government, local stakeholders, businesses and communities. Specifically, this framework aims to demonstrate that appropriate and robust systems and processes are in place to effectively manage the investment programme with regularity and propriety.

This document outlines:

- 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 HEYCA funding. This applies to existing and new funding, and projects that place a financial liability on the Combined Authority.
- The respective roles and responsibilities of HEYCA and the elected Mayor and other parts 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.

- How the progress and impacts of these investments will be monitored and evaluated to ensure that they achieve value for money and projected outcomes in accordance with the Mayor and Executive's priorities and that risk is effectively managed.

This Assurance Framework sits alongside other key documents including:

- The HEY Devolution Deal agreement which sets out the terms and commitments between HM Government and HEYCA
- The Hull and East Yorkshire Mayoral Combined Authority Order
- The HEYCA Constitution
- The HEY Gameplan 2025-2035
- The HEYCA Strategic Transport Framework*
- The HEY Work and Skills Framework
- The HEYCA Investment Plan*
- The Monitoring and Evaluation Framework*
- The Performance Management Framework*
- The HEY Risk Management Framework*
- The HEYCA Medium Term Financial Plan*

* When these are adopted

The Assurance Framework and supporting HEYCA business processes have also been developed in accordance with:

- Local Government Financial Framework, as set out in the 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 \(Evaluation\)](#)

The Devolution Deal agreed between HEYCA and HM Government provides the area with greater local control, flexibility and responsibility over funding streams and their outcomes.

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

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

Within HEYCA, 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.

1.3 Updating the Assurance Framework

This Assurance Framework will remain under review. It will be subject to an annual review, demonstrating the Combined Authority's ongoing commitment to governance, transparency and accountability across all of its activities. It will be updated alongside any updates to the English Devolution Accountability Framework, HEYCA's constitutional arrangements or any relevant changes to internal processes.

All updates will be approved by the HEYCA, in cooperation with the Ministry of Housing Communities & Local Government ("MHCLG"), Department for Transport ("DfT"), Department for Business and Trade ("DBT"), Department for Education ("DfE") and any other government department relevant to this Framework, to ensure the Framework is appropriate to deal with appropriate funds devolved from government.

1.4 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 Hull and East Yorkshire region.

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

It is recognised by HEYCA 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.

1.5 Scope of the Assurance Framework (devolved powers and funding) [to be reviewed]

The Hull and East Yorkshire Devolution Deal provides for HEYCA to have greater local control, flexibility and responsibility over funding streams and their outcomes. HEYCA's ambition is to establish a single pot investment fund, made up of various devolved funds.

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

- HEY Investment Fund. The HEYCA has established a £400m investment fund over 30 years. This fund comprises 65% revenue and 35% capital. It is subject to five yearly gateway review assessments to confirm investments are contributing to economic growth. The HEY Gameplan and Investment Plan will set the priorities and operating principles for the fund. The HEY Investment Board is responsible for providing advice to the Executive Board on investments.

- Transport allocations as agreed with Government.
- Adult Skills Fund (ASF) – HEYCA will assume responsibility for the Adult Skills Fund in the area. The Skills Board will report directly to the Combined Authority on this work.
- [\[Other devolved funding within HEYCA scope to be added\]](#)

The combined authority may also have other sources of income including loan repayments, any additional council tax precept, land sales, transport levy and any other income. The devolution deal allows the combined authority to borrow against future funding streams.

In the event other funds are devolved to HEYCA, they will be included as they arise over the lifetime of this Framework through the annual update cycle.

1.6 Strategic Framework

The HEYCA has developed evidence led strategic objectives that reflect the priorities identified in the constituent councils' local economic and growth strategies, as well as that of government through the requirements of devolution (see HEY Gameplan below).

The devolution deal agreed with Government in November 2023 provided for a transfer of a broad range of powers for employment and skills, transport, housing and investment, along with an investment fund worth £400m over 30 years. This funding will be directed towards an ambitious investment plan focussed on inclusive and sustainable growth.

Section 5 of this Framework provides details of how investment projects are selected and the decision-making process.

1.7 Hull and East Yorkshire Combined Authority Gameplan [\[link to be added once document is approved and published\]](#)

The HEY Gameplan is a ten-year plan that sets out the vision and guiding principles that will support HEYCA investments. It sets out the 'golden thread' from the strategic objectives and Mayoral priorities, through its overarching strategies, organisational objectives to programme and project activity directed through annual delivery plan activity for each portfolio area. The Gameplan sets out how the Combined Authority will turn the devolution deal and strategic priorities into reality. It also sets out the Combined Authority's governance structure, resources and ambitions for delivery against Member led portfolios of activity.

The strategic priorities of HEYCA are to:

- **Create conditions for good jobs** that offer fair pay and real prospects, ensuring people have the skills to succeed and the chance to build a career close to home.
- **Improve our region's connectivity** so that everyone can access work, education and essential services – wherever they live.

- **Support better health**, not just through health and care services, but by creating an environment that makes staying well and active easier.
- **Build more affordable homes** in the right places, helping families put down roots and live well.

The HEYCA Investment Plan sets out HEYCA's approach to investment and available funding sources, including requirement for specific funds and how they will contribute to the achievement of the above strategic ambitions.

2 About the area

Hull and East Yorkshire is home to over 610,000 people, with a diverse and dynamic economy. It comprises the administrative geographies of Hull City and East Riding of Yorkshire Councils. The area is highly self-contained and tightly connected through employment, trade, and culture, 87.9% of people in employment live and work in the area. However, it is an area of significant contrasts. Hull has a high population density and tight urban grain, and East Riding has a more rural and coastal geography.

Positive opportunities exist within the area's economy to contribute to a national increase in productivity and drive good quality employment. The area has infrastructure strengths and sector specialisms that have high-value growth potential and a great ability to enhance the region's world-leading reputation as a cluster for clean growth activity, and a rapidly growing research and innovation capability in areas such as renewable energy, med-tech, rail manufacturing and agri-tech.

However, structural challenges of a persistent low skill, low wage economy in some areas, limits the economic prosperity of our communities, with high patterns of deprivation and benefits dependency in Hull, Goole and some of our coastal towns. Nearly a third (28%) of Lower layer Super Output Areas (LSOA) in Hull and East Yorkshire are within the 20% most deprived nationally under the Index of Multiple Deprivation 2019.

Production industries (included in the agriculture, energy, mining and manufacturing sectors) that are critical to the UK economy account for almost 30% of our gross value added (GVA). This is the largest share of total output from these industries of any Combined Authority economy and is 1.6 times the UK average. In short, the Hull and East Yorkshire area is key to the UK's energy and food supply, and there are opportunities to develop these industries further.

HEYCA will provide the governance, relationship and investment mechanisms to unlock the multitude of opportunities:

- The area continues to be a key trade gateway for the UK and through opportunities such as the Freeport programme HEYCA will seek to enhance this role, developing the area's transport infrastructure in the process.
- Developing prospects for rapid manufacturing by utilising the ultrafast fibre network within the digital and automated sectors provides a great opportunity to Hull and East Yorkshire and the surrounding regions.
- Taking advantage of the sectoral specialisms in med-tech and social care also provides exciting opportunities to develop new health and care technologies to meet the needs of the UK's future population.

3 Strategic Decision Making [to be reviewed in alignment with Constitution]

3.1 Governance structure

Hull and East Riding combined Authority (HEYCA) is a Mayoral Combined Authority covering the administrative areas of both Hull City Council and East Riding of Yorkshire Council (the Councils). It is an accountable public body established under Section 103 of the Local Democracy, Economic Development and Construction Act 2009 (the Act).

HEYCA was created in 2025 through the [Hull and East Yorkshire Combined Authority Order 2025](#). It is its own Accountable Body for funding received from Government through the 2023 Devolution Deal. HEYCA is also the Accountable Body for the Humber Freeport [date to be added].

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 first Mayoral election was in May 2025 and the initial Mayoral term will last four years, with subsequent terms lasting four years. On 2nd May 2025, Luke Campbell became the first elected Mayor of HEYCA.

3.2 Local Leadership – who makes decisions [organisational structure and sections on Mayor, portfolios and advisory groups to be added]

The Authority's Executive (referred to in this Assurance Framework as the Executive) is the principal decision maker and provides leadership of the Combined Authority. The Executive comprises:

- The Mayor
- Two (2) elected members from each constituent council, one of whom will act as the lead member for their constituent council.
- Up to four non-constituent members, who will be nominated by the following bodies:
 - Humberside Police and Crime Panel
 - Skills Board
 - Business Board
 - Another nominated body to ensure the representative nature of the authority (as identified by the Combined Authority)

Constituent Members of the Combined Authority and the Mayor will have full voting rights. Non-Constituent members will be non-voting unless the Combined Authority resolves to give them a vote on any issue, within the restrictions set out in the Act. (Non-constituent members are individual members of the Combined County Authorities who are nominated as members by a body designated by the Combined County Authorities. Non-constituent members are non-voting unless the voting members resolve otherwise)

Decisions will be made by the Mayor (in relation to mayoral functions) or the Mayor and Executive (in relation to non-mayoral functions) in accordance with the 2024 Order and the HEYCA constitution.

The Combined Authority Executive provides the overall strategic direction for economic growth across Hull and East Yorkshire. The Executive will approve the HEYCA Investment Plan, HEYCA Gameplan and Financial Plan which sets out investment priorities.

Portfolio areas

Portfolio areas are included within the HEYCA Gameplan, with a member of the Executive appointed as a Lead Portfolio holder. Portfolio lead roles are reviewed annually and confirmed at the Combined Authority Annual Meeting. Some portfolios have working Task and Finish engagement groups made up of members from the constituent councils and HEYCA officers.

Portfolio	Portfolio holder
Investment	Cllr Anne Handley, Leader of East Riding Council
Skills	Cllr Mike Ross, Leader of Hull City Council
Transport	Cllr David Tucker, Deputy Leader of East Riding Council
Housing	Cllr Jackie Dad, Deputy Leader of Hull City Council
Fit and Healthy	Luke Campbell, Mayor of Hull and East Yorkshire

[Sections on decision making within each portfolio and role of advisory / task and finish groups to be added]

3.3 Combined Authority Forward Plan of Decisions

The Combined Authority will publish a forward plan of key decisions that will be taken by the Combined Authority at least 28 days before the decision is made to enable members of the public to view and comment on them. Details of all project approvals and minutes of meetings will also be published.

3.4 The Strategic Framework [to be updated to reflect strategy work in development]

HEYCA has a robust process in place to develop strategic objectives that align with its long-term vision and aspirations for devolution, reflect priorities identified by government through devolution requirements, as well as considering constituent council and Mayoral agendas and the local evidence base.

The Devolution Deal agreed with Government in 2023, 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 HEYCA in 2025 has provided an Investment Fund worth £400m over 30 years which will enable the delivery of an ambitious investment programme focussed on inclusive and sustainable economic growth.

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

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

3.5 Hull and East Yorkshire Combined Authority Gameplan [\[link to be added once document is approved and published\]](#)

The Gameplan sets out the vision and guiding principles to underpin HEYCA's investments over the next ten years. It provides a rich evidence base which was developed in partnership with local stakeholders, building on the constituent authorities' economic plans and strategies. The Gameplan has been consulted upon with business and other stakeholders and will be approved by the Combined Authority Executive Board.

It sets out the 'golden thread' from the strategic objectives and Mayoral priorities, through its overarching strategies, organisational objectives to programme and project activity directed through annual delivery plan activity for each portfolio area. The Gameplan sets out how the Combined Authority will turn the devolution deal and strategic priorities into reality. It also sets out the Combined Authority's governance structure, resources and ambitions for delivery against Member led portfolios of activity.

The plan is based on HEY's economic assets and opportunities and long-term vision for the area's economic prosperity. The Gameplan outlines the work of the combined authority, focusing on four strategic priorities. These are grounded in aspirations to promote good economic growth; enhanced economic performance; integration with wider economic systems; and a sensitivity to the natural assets upon which much of our economy is based. These priorities are not separate. They work together to create a region where people can thrive.

The strategic priorities of HEYCA are to:

- **Create conditions for good jobs** that offer fair pay and real prospects, ensuring people have the skills to succeed and the chance to build a career close to home.
- **Improve our region's connectivity** so that everyone can access work, education and essential services – wherever they live.
- **Support better health**, not just through health and care services, but by creating an environment that makes staying well and active easier.
- **Build more affordable homes** in the right places, helping families put down roots and live well.

Delivery of the Gameplan will be supported by a series of delivery plans for each area of activity.

3.6 The Hull and East Yorkshire Investment Plan 2025-2035 [\[link to be added once document is approved and published\]](#)

The HEYCA Investment Plan sets out HEYCA's approach to investment and available funding sources, including requirement for specific funds and how they will contribute to the achievement of the above strategic ambitions.

The HEYCA Investment Plan will be published in accordance with the Combined Authority's decision-making processes.

Investments will be made based on robust evidence led decision making, within a Green Book compliant business case framework. There are several stages to investment decisions laid out in this Assurance Framework, designed specifically to support sound investments.

The Investment Framework sets out how HEYCA intends to invest the funds devolved from government, including:

- HEY Investment Fund - a £400m investment fund over 30 years
- Transport allocations as agreed with Government
- Adult Skills Fund (ASF)
- Brownfield Land Housing Fund
- UKSPF or its successor funding

The Combined Authority also has responsibility for the delivery of existing funds from organisations whose functions have been transferred into HEYCA such as the former HEY Local Enterprise Partnership legacy fund, The Growing Places Loan Fund. [\[Other funds to be added\]](#)

When it is appropriate to do so (eg if the government provides new funding for targeted projects and programmes), the Combined Authority will generally aim to use government allocation formula in the first instance, subject to local prioritisation.

The devolution deal also allows the Combined Authority to borrow against future funds which is an opportunity the Combined Authority may seek to utilise to support strategic impactful investments.

The Investment Framework includes several principles designed to guide Investments: [\[Investment principles to be reviewed and approved by Investment Board\]](#)

- Local benefit – investments must contribute towards our vision of and sustainable and inclusive economic growth.
- 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.
- Additionality – investments will be directed to projects that can demonstrate clear additional impact, avoiding displacement, or substitution of funding.

- Social value – investments will meet social value requirements, as well as articulating their relationship to the strategic outcomes set out in the Economic Framework and Assurance Framework.

HEYCA is particularly focused on driving investment into opportunities that create economic benefit across the area, particularly those that unlock further private sector funding and inward investment.

The Combined Authority will explore opportunities for further collaboration with its neighbouring Authorities, including and especially Greater Lincolnshire Combined County Authority through formal pan-Humber working arrangements (the Humber Leadership Board). [\[Humber arrangements to be updated\]](#)

3.7 The Hull and East Yorkshire Transport Framework [\[framework to be developed\]](#)

Aligned to the Gameplan, HEYCA will develop a Transport Framework. The Framework will aim to define the strategic transport priorities for Hull and East Yorkshire and to shape, influence and accelerate the development and delivery of the strategic transport interventions that the region needs.

HEYCA will work in partnership with Government and its agencies such as Network Rail (and Great British Railways) and National Highways, to promote the necessary strategic transport investment. The framework will be underpinned by four strategic principles:

- A Distinctive network, that recognises the area's key features, including the coast, the Freeport, leisure opportunities and the new industries.
- An Opportunistic network that uses technology to alter the way in which we plan, deliver and maintain the network to meet our social, environmental and economic objectives.
- An Engaged network that overcomes current barriers to using sustainable transport modes, to provide everyone with more choice.
- A Maximised network that using available space and ensures a more resilient network whilst considering nature-positive and no-build solutions.

3.8 The Hull and East Yorkshire Work and Skills Framework

The Hull and East Yorkshire Work and Skills Framework sets out the key strategic actions required to ensure that local people have the skills and support required to provide a workforce which will drive the economy of the region and in turn allow local people to fully benefit from the opportunities that economic growth provides. It is aligned to the priorities outlined in the Gameplan, and has been developed from a strong strategic and evidence base, aligned with existing successful delivery including Skills Bootcamps, UKSPF delivery outcomes, Multiply, the CEC Careers Hub, the Local Skills

Improvement Plan and the future Adult Skills Fund delivery plan and commissioning framework.

The Framework is currently being consulted upon. The Framework will be approved by the Combined Authority.

[Sections to be added on the HEY Local Growth Plan, Get Britain Working Local Plan and Connect to Work Delivery Plan]

4 Governance, Transparent Decision Making and Accountability [section to be reviewed in alignment with current arrangements]

4.1 Introduction

HEYCA, 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.

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.

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.

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 as outlined in paragraph 4.2 below.

Members of the Combined Authority are expected to act in the interests of the Hull and East Yorkshire 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.

4.2 The Nolan Principles

All HEYCA Members, including voting, non-voting, constituent, non-constituent, associate and the business and skills boards' members will adopt The Seven Principles of Public Life (also known as the Nolan Principles). These seven principles apply to anyone who works as a public office-holder, whether elected or otherwise to ensure the utmost probity as public servants with stewardship of public funds. All public office-holders are both servants of the public and stewards of public resources. The principles also apply to all those in other sectors delivering public services.

The seven principles are:

- Selflessness - Holders of public office should act solely in terms of the public interest.
- Integrity - Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their

family, or their friends. They must declare and resolve any interests and relationships.

- Objectivity - Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- Accountability - Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- Openness - Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- Honesty - Holders of public office should be truthful.
- Leadership - Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

4.3 The Mayor and Executive

The Combined Authority is accountable for all funding and income it receives. It is responsible for a range of functions including transport, skills and economic development.

The Combined Authority Executive 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 Hull and East Yorkshire combined area, agreeing all strategies and frameworks and agrees all delegated responsibilities to conduct business.

Decisions will be made by the Mayor (in relation to mayoral functions) or the Mayor and Executive (in relation to non-mayoral functions) in accordance with the HEYCA constitution.

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

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

The Combined Authority, through its Executive, has 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 Executive and is supported through the following roles and responsibilities across its governance framework:

Strategic Role	Responsibility of:
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Provides leadership in terms of proposing the mayor's budget and takes decisions in relation to mayoral functions (see HEYCA Constitution)	The Mayor
Sets strategic vision, objectives and priorities.	Executive
Approves strategic and key policy frameworks	Executive
Set the budgetary framework and Medium Term Financial Plan	Executive
Develops strategy and policy proposals	HEYCA Strategic Leadership Team in consultation with the relevant portfolio holder
Implements approved strategy	Senior Responsible Officers in consultation with the relevant portfolio holder
Maintenance of Assurance Framework	Head of Paid Service
Operational and delivery oversight and provision of operational decision making	HEYCA Strategic Leadership Team
Undertakes strategic level scrutiny	Overview and Scrutiny Committee
Undertakes Mayor and Executive accountability	Overview and Scrutiny Committee
Provides oversight and assurance of standards and the Constitution	Audit Committee
Provides oversight and assurance of governance, assurance and supporting frameworks	Audit Committee

4.4 Induction

New members of the Combined Authority Executive will be supported through induction training that will cover the senior management structure and their roles including conduct, 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.

4.5 Code of Conduct

The Code of Conduct is set out in the HEYCA Constitution. The Nolan principles of Public Life provide apply to all officers and public office holders. (see paragraph 4.2)

4.6 Diversity

The HEYCA Executive 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 the Business Board and Humberside Police and Crime Commissioner (PCC) is appointed by the Executive, as is the membership of any advisory boards. HEYCA is committed to taking steps to appoint a diverse membership to its boards which reflect the community it serves.

4.7 Remuneration

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

4.8 Audit Committee Arrangements

HEYCA has established an Audit 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.

The remit and operations of the Audit Committee are set out in the HEYCA constitution.

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.

The audit functions of the Audit 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
- Making reports and recommendations to the HEYCA Executive in relation to the above points.

The Chair of the Audit and Standards Committee is an independent “co-opted” member (i.e. not an elected member) appointed by the Executive 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 reflects the requirements of the Combined Authority’s (Overview and Scrutiny Committees, Access to Information and Audit Committee) Order 2017, being that the members of the committee taken as a whole reflect so far as reasonably practicable the balance of political parties for the time being prevailing among members of the constituent councils when taken together.

4.9 Internal Audit

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.

4.10 External Audit

An annual external audit of HEYCA’s statement of accounts is undertaken by a registered external local auditor under the Local Audit and Accountability Act (<https://www.icaew.com/technical/audit-and-assurance/localpublic-audit-in-england>).

External auditors will undertake the audit of HEYCA’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.

4.11 Overview and Scrutiny Arrangements

HEYCA 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 and the principles of the EDAF Scrutiny Protocol.

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

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

The terms of reference for the Overview and Scrutiny Committee are available in the Constitution.

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

The appointment of members to the committee reflects the requirements of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committee) Order 2017, being that the members of the committee taken as a whole reflect so far as reasonably practicable the balance of political parties for the time being prevailing among members of the constituent councils when taken together

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.

4.12 Business Boards and Representation

HEYCA will host the business voice for the area, the Hull and East Yorkshire Business Board. It is made up of representatives of business interests in the area. The Board provides:

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

The Board, in line with the ambitions set out in the devolution deal and existing strategic plans, will help to drive forward Hull and East Yorkshire's priorities for sustainable and inclusive growth.

The Board's nominated person attends the Combined Authority's Executive as a non-voting non constituent member.

4.13 Skills Board

A dedicated private sector skills board will also support the Mayor, the Combined Authority Executive and officers. The skills board's remit is to help facilitate an efficient and fair local labour market where business can access a suitably skilled workforce, all local people can secure good quality, well paid employment regardless of their background and achieve their full potential.

The membership of this board is drawn from the local business community and wider stakeholder groups.

The Board's nominated person attends the Combined Authority Executive as a non-voting non constituent member.

[Sections on Transport Advisory Group and Investment Board and Advisory Group to be added]

[Terms of Reference for all Boards and Advisory Groups in development to be appended once agreed]

4.14 Statutory Officers [responsibilities to be reviewed against current arrangements]

4.14.1. Head of Paid Service

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

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.

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 conjunction with the S73 officer
- Leading the Corporate Management team to deliver the strategic direction for the Combined Authority as outlined by the Mayor and Executive
- 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 HEYCA'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 Executive on all matters of general policy and matters upon which their advice is necessary, with the right attendance at all Executive 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.

4.14.2. 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 HEYCA the Director of Finance fulfils the role of the Section 73 Officer.

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

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

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

The Chief Finance Officer 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.

The CFO 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.

The CFO reviews all reports to ensure financial implications are correctly identified before they are presented to the Executive, its Committees and constituted boards.

These processes are set out in the Combined Authority's Financial and the Contract Procedure Rules. Other policies such as the Anti-fraud

and Corruption Policy are also included in the Constitution and/or published on HEYCA's website.

4.14.3. Monitoring Officer.

A statutory Monitoring Officer has been appointed and discharges the functions in relation to the HEYCA as set out in sections 5 and 5A of the Local Government and Housing Act 1989.

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
- The promotion and maintenance of high standards of conduct, including supporting any issues raised on standards via the Audit Committee.

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

4.14.4. Scrutiny Officer

In accordance with Section 9 of the Local Government Act 2000 and the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committee) Order 2017, the Authority must designate one of its officers as the scrutiny officer of the overview and scrutiny committee(s) to discharge the following functions:

- (a) to promote the role of the overview and scrutiny committee(s);
- (b) to provide support and guidance to the overview and scrutiny committee(s) and to members of such committees; and
- (c) to provide support and guidance to Members of the Authority and to the Mayor in relation to the functions of the overview and scrutiny committee(s).

The Combined Authority may not designate as the scrutiny officer any officer of a constituent council of the combined authority.

[Section on Independent Person to be added]

4.15 Processes and Procedures [to be reviewed in alignment with the Constitution]

All HEYCA's processes and procedures can be found in Part 6 of the Combined Authority's Constitution.

<https://www.hullandeastyorkshire.gov.uk/>

4.15.1. Whistleblowing.

The Combined Authority has a Whistleblowing Policy in place to enable and encourage employees to raise concerns about wrongdoing by the Combined Authority, the Mayor's Office and/or contractors without fear of reprisal or detriment. All staff employed by the HEYCA are made aware of the whistleblowing policy which is set out in Part 6 of the Constitution.

4.15.2. Anti-fraud, Bribery and Corruption

The Combined Authority has an Anti-fraud, Bribery and Corruption Policy which aims to ensure that the Combined Authority has an effective anti-fraud culture and effective framework to manage the risk of fraud, bribery and corruption. The policy applies to the Mayor, councillors, employees, contractors and agents of the Combined Authority, except where agents have their own policy and procedures in place that already provide at least an equivalent and sufficient framework.

4.15.3. Anti Money Laundering

The Combined Authority has an Anti- Money Laundering Policy. The policy aims to ensure that the Combined Authority has a planned approach should concerns arise in respect of money laundering. All organisations and individuals in the UK have responsibilities in respect of countering money laundering.

4.15.4. Feedback and Complaints

A procedure is in place to ensure that any feedback and complaints are dealt with fairly and effectively, this includes the arrangements, processes or decision making associated with a project.

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

4.15.5. 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 Executive, 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 HEYCA 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.

4.15.6. 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.

4.15.7. Registration and Declaration of Interests

The Combined Authority's codes of conduct for members, non constituent members, associate members and for officers sets out clear procedures for dealing with any conflicts of interest which may arise when carrying out the business of the HEYCA.

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

Executive 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 HEYCA officers are required to declare any interests they have in contracts. The codes of conduct can be found in the Constitution.

4.15.8. 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 HEYCA Website.

4.15.9. 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 the constituent authorities.

Information is published on the HEYCA's website, including the following corporate policies and protocols:

- Member's Code Of Conduct
- Officers' Code Of Conduct
- Protocol On Member/Officer Relations
- Members' Allowance Scheme
- Code Of Corporate Governance
- Anti-Fraud And Corruption Policy
- Whistle-Blowing Policy

4.15.10. 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 the HEYCA Risk Management Framework. 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 [\[link to be added once developed\]](#) is agreed by the Mayor and Executive, with the Audit Committee monitoring the risks on a quarterly basis. The Strategic Risk Owners in the business areas have responsibility for the identification and management of programme and project level risks. The Senior Leadership Team (which includes representation from the Statutory Officers) will review programme and corporate risks regularly, advising the Executive accordingly.

At the project level, all projects are required to 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.

4.15.11. Publishing Meeting Minutes.

The schedule of meetings for the calendar year is agreed at the Annual Meeting and published on the HEYCA website. The Combined Authority's Executive, Audit and Standards Committee, and Overview and Scrutiny Committee meetings take place in public (although the public may be excluded for confidential or exempt matters).

Executive and other committee meetings may be livestreamed on the internet. Agendas for Executive and committee meetings are published on the HEYCA'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 will usually be 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 Executive or the committee and published as part of the Agenda pack.

4.15.12. Publishing Decisions

In the interests of increasing transparency and accountability, and in accordance with relevant legislation the Combined Authority has committed to publish a Forward Plan of key decisions that will be taken by the Executive 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 HEYCA Constitution. The Combined Authority ensures compliance with statutory requirements and/or Government guidelines on publication, where appropriate.

4.15.13. Corporate Policies [\[links to documents to be added\]](#)

The Combined Authority's corporate policies are published on the HEYCA website. A list can be found here

- Member's Code Of Conduct
- Officers' Code Of Conduct
- Protocol On Member/Officer Relations
- Members' Allowance Scheme

- Code Of Corporate Governance
- Anti-Fraud And Corruption Policy
- Whistle-Blowing Policy

4.16 Investment Decisions [role of the Investment Board and Advisory Group to be added]

The HEYCA will be the decision maker for all investment decisions. The business and skills boards will both provide strategic advice on proposed investments.

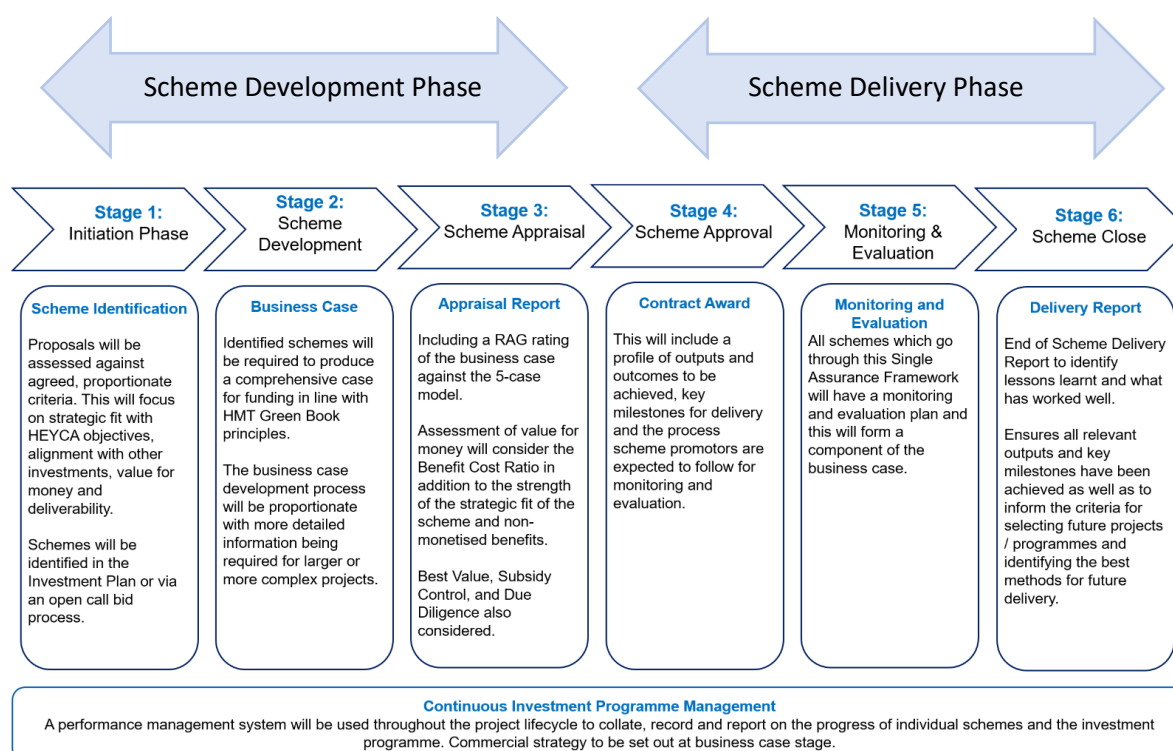
To ensure robust funding decisions are taken, a broader governance process will ensure decisions are taken based on specialist and impartial advice with the appropriate checks and balances in place. This will be an important step when deciding on competing business cases.

The additional steps include:

- **Internal peer review** – relevant officers and specialists from the Combined Authority and both councils will undertake a peer review and light touch strategic assessment of projects, which will be provided to the Combined Authority as advice.
- **Due diligence** – external, independent due diligence will be for projects that are more complex, for example with several partners or stakeholders or where specific technical knowledge is required. Internal due diligence will be applied to all other projects
- **External appraisal** – the Combined Authority will seek to use best practice and commission external project appraisal where required, particularly for projects that are large, complex or require more technical input, or where there are competing business cases as another layer of assessment. Section 5 has more information.

5 The Single Assurance Framework Process [to be reviewed and agreed by Investment Board and Advisory Group]

The diagram below provides an overview of the Single Assurance Framework process.



5.1 Stage 1: Initiation Phase (scheme identification)

The purpose of the first stage is to provide early assurance that investment proposals meet strategic objectives and have the capacity to meet the requirements necessary to progress to a successful full business case. The decision-making process will be informed by the HEYCA Investment Plan, strategic objectives and any new and emerging policy priorities.

The Combined Authority will select projects and programmes for funding in an open and transparent way. The process for how HEYCA identifies, prioritises, assesses and commits funding to investment proposals is guided by HM Treasury's Green Book methodology. There will be an emphasis on the importance of the strategic fit and alignment of proposals with other investments to ensure the approach to decision making and scheme development will help HEYCA to secure positive socioeconomic outcomes.

The Combined Authority will work with the constituent councils and other stakeholders to develop a pipeline of schemes for funding.

Scheme proposals will usually come forward from one of two sources, depending on the type of activity HEYCA is seeking to engage in:

- a. **Proposals for funding that fit with the strategic priorities** outlined in the HEY Gameplan, Local Transport Plan and other local plans and strategies (as developed and confirmed by HEYCA). Where relevant, proposals should be in line with the Humber Economic Strategy. Schemes submitted will be assessed for strategic fit and alignment with HEYCA Investment Principles and will be outlined in the HEYCA Investment Plan [to be developed]. These will be drawn down for business case development in line with the Gameplan and funding availability. The Investment Plan will set out details of each proposal along with the project stage, and the status of external funding from a sponsoring Government department or other source (bid stage, confirmed etc). The pipeline will be reviewed at quarterly intervals to ensure proposals continue to remain commensurate with strategic priorities
- b. **Open calls for proposals where there are specific identified needs** will be published openly and will follow a competitive process. This approach will be limited to identified needs which align with strategic priorities and are not already met through the investment pipeline due to resource availability. These calls will be published on the CA's website and will have a specific focus targeted towards a specific investment priority. Applicants will be invited to submit bids that detail a brief description of the proposal, the need for intervention, the outputs (including when, how and who will deliver them), and the associated benefits. This should also include strategic fit, approach to evaluation and detail of finance and risk. This approach will enable HEYCA to assess, prioritise investment proposals and early assurance proposals are in line with strategic priorities, are legally compliant and in accordance with allocated funding.

The following principles will be applied to scheme identification:

- Scheme proposals will be assessed against agreed, proportionate criteria. This will focus on strategic fit with HEYCA objectives, alignment with other investments, value for money and deliverability.
- Transport schemes will be assessed in accordance with DfT's latest appraisal guidance.
- Scheme sponsors will need to include environmental, equality and social impact assessments as part of their applications.
- The CA will assess the overall impact of the proposed scheme.
- Scheme development funding will be subject to approval of a full business case. This will include applicants working with the CA and stakeholders where necessary to appraise options in line with HMT Green Book principles.
- In the event that there is a departure from the process, (for specific reasons such as business critical urgency), the HEYCA Statutory Officers and constituent councils must agree in advance of the CA committing to the scheme. All schemes will be dealt with on a transparent basis.

[Steps in the business case process to be developed and appended]

5.2 Stage 2: Scheme Development

Identified schemes will be required to produce a comprehensive case for funding in line with HMT Green Book principles [\[business case arrangements to follow\]](#). This should seek alignment to HEYCA strategic objectives and policy aims whilst meeting funding requirements and any milestone dates.

The business case developed for each scheme will require detailed evidence on the options, designs, delivery and outcomes of the proposal, along with strategic fit and value for money information to enable informed decision making. The business case should include a developed Theory of Change to support effective evaluation which sets out clear objectives that the scheme options can be assessed against. This is important to demonstrate schemes have been developed proportionally and are able to deliver intended benefits and impacts.

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. Subject Matter Experts within the Lead Business Area from Finance, Legal and Procurement will be engaged in the business case development and its review. Project sponsors may employ analytical experts to support business case development.

The business case development and appraisal process will be proportionate with more detailed information being required for larger or more complex projects or programmes. This will follow HMT's guidance on the five-case business case model (see Section 7.2) The application and appraisal process for the investment programme will involve the following stages:

There are usually 3 business cases produced which are [\[templates to be appended\]](#):

- a. Strategic Case (SOC) – this will provide the strategic context, underlying justification for the scheme and will support the prioritisation and programme development stage. For larger schemes (£5m+) or which are innovative/transformational or more complex, an SOC will be required. Smaller or simple schemes can progress straight to OBC, or where appropriate FBC, although in these cases a Strategic justification of the scheme will still be required to be incorporated.
- b. Outline Business Case (OBC) – this will confirm the strategic context and make a robust case for change and identify the preferred option for delivery from a shortlist of options considered. This will include Theory of Change.
- c. Final Business case (FBC) – this will include a detailed business case for the scheme consistent with HMT's guidance on the five-case business case model (see appendix 7.2. This needs to be developed to a point where final approval can be given, it will follow Green Book guidance and

take account of scheme specific appraisal guidance (eg DfT for Transport schemes).

All stages will follow Green Book guidance and take account of scheme specific appraisal guidance (eg DfT for Transport schemes).

When multiple schemes contribute to the same strategic objectives, a programme business case approach will be adapted to ensure coherence and alignment across all schemes. This will ensure schemes are managed collectively and contribute to achieving strategic objectives efficiently and effectively. Where appropriate, a single combined financial case could be developed which considers the costs, funding sources and financial risks for all schemes to help understand the overall financial implications and efficient use of resources. A unified management plan will also be developed to oversee the implementation of all schemes and a plan for delivery that phases scheme implementation in a way that maximises benefits.

Where over half of a scheme's funding has been awarded by another government department (eg Homes England), a separate business case may not be necessary as long as an appropriate FBC is in place that is equivalent to that of the HEYCA. Evidence that another funder has approved the business case will always be required.

5.3 Stage 3: Scheme Appraisal [process to be further developed]

[To include note that schemes will have undergone assessment/appraisal prior to inclusion in the Investment Plan as extra layer of assurance that these align with the HMT 5 case model. Process to be included once agreed.]

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.

Under a programme business case approach, options will be evaluated in the context of the entire programme to consider interdependencies, synergies and potential conflicts between schemes.

The appraisal process will be in line with HMT's Green Book and be consistent with any other departmental appraisal processes such as the MHCLG appraisal guidance.

HEYCA s73 Officer will be responsible for ensuring each scheme that goes forward for decision will be accompanied by a signed appraisal report that will include a RAG rating of the business case against HMT's Green Book Five Case model.

Five Case Model Description	
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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 HEYCA'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. (See The Green Book (2022) - GOV.UK for defined appraisal periods that depend on the lifespan of the intervention.)
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.

5.3.1. Assessing value for money

For the investment programme, the CA will make investment decisions based on a range of evidence such as the strategic case and other local impacts and analysis of cost effectiveness, as well as the wider value for money appraisal. This evidence will be consistent with Green Book and other

guidance whilst recognising Benefit Cost Ratio (BCR) will remain the universal metric to assess VfM. This assessment will be detailed in the Economic Case of the Business Case and will be provided to support the decision-maker covering assessment of the scheme's efficiency and effectiveness. The assumptions in the Economic Case will be commensurate with the Strategic Case, and across all dimensions of the business case.

In principle, proposals demonstrating a positive BCR will be prioritised. HEYCA will take account of a range of evidence when deciding to invest in a scheme, including local impacts, unlocking investment and transformational change. Recognising some of the development challenges in the area, HEYCA will aim for Acceptable VfM (above 1.2), however, the CA may still decide to invest in exceptional circumstances, based on the wider impacts of the scheme, in line with the strategic case. An assessment of the non-monetised benefits during options consideration will also be included and taken into account as part of the appraisal recommendation.

The following VfM categories can be defined where public sector costs are positive:

VfM Category	Implied by....
Very High	BCR greater than or equal to 4
High	BCR greater than or equal to 2 and less than 4
Medium	BCR greater than or equal to 1.5 and less than 2
Acceptable	BCR greater than or equal to 1 and less than 1.5
Poor	BCR greater than or equal to 0 and less than 1
Very Poor	BCR below 0

Assessing the value for money of schemes under a programme business case will consider the costs and benefits over the programme's lifecycle. (See [The Green Book \(2022\) - GOV.UK](#) for defined appraisal periods that depend on the lifespan of the intervention.)

Full Business Cases (including their value for money statements), will be signed off by the s151 officer or Chief Finance officer of the promoting organisation.

Full Business Case Assessment Summary Reports will be signed off by HEYCA's s73 officer and these will be included in the report to the CA for decision making. Where HEYCA is the scheme promoter separation of roles will be ensured and business case sign off will be provided by the s151 officer from one of the constituent Councils.

5.3.2. Best Value

In accordance with the requirements of the Local Government Act 1999 the HEYCA will be subject to the same Best Value requirements as all other Public Bodies, which means the CA must demonstrate good governance, including a positive organisational culture, across all functions and effective risk management. The CA is also required, pursuant to section 3 of the 1999 Act, to consult on the purpose of deciding how to fulfil the Best Value Duty.

5.3.3. Subsidy Control

Subsidy Control will be considered as part of the decision-making process and records of compliance will be kept in line with the transparency requirements of the Subsidy Control Act 2022.

In accordance with the requirements of section 12 of the subsidy Control Act 2022 projects will be assessed to ensure that they are consistent with the subsidy control principles prior to the award of any grants, loans or other forms of financial assistance. (See Appendix 7.6)

5.3.4. Due Diligence

Due diligence refers to the process of undertaking independent verification of key information provided by scheme promoters in support of funding proposals. It is intended to supplement the appraisal process and support the effective management of risk.

HEYCA is committed to undertaking due diligence activities that support effective decision making and scheme appraisal. This will naturally be undertaken as the investment business case application progresses through the options appraisal and shortlisting process. Where necessary to undertake specific analysis, e.g. for complex or very large schemes, this will be undertaken in accordance with HMT's Aqua, to test assumptions and ensure they are robust and the project or programme is fit for purpose.

5.3.5. Transport Schemes [to be reviewed against current arrangements]

For transport schemes, HEYCA will ensure that appraisal is sufficiently robust and fit for purpose for the scheme under consideration, and that it meets current DfT guidance for all schemes on a case by case basis but for schemes with low cost or special circumstances, 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.
(See Appendix 7.3)

5.3.6. Adult Skills Fund [to be reviewed against current arrangements]

The Government will fully devolve the Adult Skills Fund to the Combined Authority from the academic year 2026/27, subject to the meeting the readiness conditions set by DfE. The Governance structures, system, process, and policies that will be developed and implemented by HEYCA 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 Adult Skills Fund 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. HEYCA will also discharge, on an annual basis, its responsibilities to devolved Adult Skills Fund 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 Skills Fund (ASF) Assurance Framework document, including project appraisal and value for money processes. (See Appendix 7.4)

5.4 Stage 4: Scheme Approval (contract award)

Following the completed appraisal stage, investment proposals will progress to approval stage. The required approval route is dependent on the level of financial approval that is required. Decisions by the Combined Authority to commit funding on the basis of a business case approval will be made in accordance with delegated powers as set out in the HEYCA Constitution.

Business Case Value	Approach
Up to £500k	Approved by the Head of Paid Service in consultation with the S73 Officer and Monitoring Officer, under the Combined Authority's approved delegated authority. Business cases are progressed for approval following sign off by the relevant Senior officer who approves the business case as complete and takes on responsibility for its progression through the approvals phase. The Head of Paid Service will then consider the business case for approval under delegated authority.
Over £500k	Approved by the Combined Authority. The Head of Paid Service, in consultation with the S73 Officer and Monitoring Officer will make recommendations to the Authority. The relevant Senior Officer is responsible for the project's progression as above.

To ensure the investment programme is managed strategically HEYCA's s.73 officer will be responsible for the overall management of the programme and that linkages are made within the portfolio of proposals seeking investment. The time taken to assess schemes will depend on the nature and complexity of the proposal.

The outcome of independent assessments of the investment programme schemes will be reported to HEYCA as part of the recommendations made on the merits of individual applications. A RAG rated Assessment Summary Table will form an appendix to these reports and will be part of the CA's public agenda pack that will be available to view on the CA's website.

Aside from where HEYCA is the scheme promoter, the CA 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 CA:

- 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.
- Monitoring and evaluation requirements and the process scheme promoters are expected to follow.

5.5 Stage 5: Monitoring and Evaluation [framework to be developed]

Monitoring and evaluation will be a key consideration throughout the delivery of schemes. All schemes which go through this Single Assurance Framework will have a monitoring and evaluation plan and this will form a component of the business case. Monitoring and evaluation for schemes considered within a programme business case will consider how a package of schemes are contributing jointly to the strategic objectives.

HEYCA will have a comprehensive monitoring and evaluation framework, designed in accordance with HMT's Magenta and Green Book principles that will be used to strengthen decision making.

The framework will set out the key principles for how the CA will manage evaluations across the whole investment plan and measure its overall impact. This will be underpinned by meaningful and locally defined principles of identifying lessons learnt to inform future policy and scheme delivery. This will contribute to creating a culture of decision-making based on best practice.

Through effective monitoring and evaluation, HEYCA will use lessons learned to inform future policy development, allowing HEYCA 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. Monitoring & Evaluation plans form part of business case submissions, and these are, in most cases, independently reviewed and published to support decisions by the CA.

5.5.1. Monitoring

All project and programme sponsors, scheme promoters and delivery partners will be required to provide regular financial and delivery information, including progress against agreed targets and milestones, tracking progress of the implementation of a project. Monitoring reports will usually be completed on a quarterly basis unless projects or programmes are underperforming or at higher risk, in those circumstances, more regular reporting may be required. Monitoring will continue until schemes are both financially and physically complete with all outputs and outcomes accounted for.

Project and scheme sponsors and promoters are responsible for raising any concerns regarding performance and any changes in cost, timescales or scope for their scheme with the CA. Where there are material changes to a project or programme, the CA may decide to review its decision regarding the scheme.

Regular monitoring reporting will be through the CA's democratic and governance processes.

The CA will report to the relevant Government departments, such as MHCLG, DfE, DfT, as determined by the department.

5.5.2. Evaluation

Evaluation will be meaningful and proportionate. The frequency and type of evaluation required will depend on the contract value of the project. The CA will determine the level of evaluation required at OBC stage so that the costs of evaluation can be built into the scheme. Pilot projects will be subject to more extensive and frequent evaluation (see [HMT Magenta Book.pdf](#)).

Monitoring and evaluation will be a key consideration throughout the delivery of schemes, with the aim of assessing whether schemes have led to their intended benefits and impacts.

Lessons learnt from evaluation will be reported to the CA and across the governance framework as required.

Most schemes will be required to undertake a process evaluation to understand a project's pathway to inform future delivery, as well as a progress evaluation, reviewing progression against targets and milestones (outcome, outputs and spend). Impact and process evaluations will be applicable to the majority of schemes except for tried and tested projects or programmes where there is a strong evidence base and where there may be little benefit in allocated additional cost. This will be considered on a case-by-case basis.

5.5.3. Enforcement

HEYCA will have appropriate processes in place to recover non-compliant funding. The grant offer letter for each scheme will provide details of what action will be taken if there is evidence of non-compliance. It is the responsibility of the scheme sponsor to identify risks in the FBC for delivery.

HEYCA has the right to withhold funding if agreed scheme delivery expectations are not met within the agreed funding period.

The CA will be subject to an independent panel review to assess the impact of its Investment Fund expenditure [\[to review who this is\]](#). The Five-Year Gateway Review process is intended to provide evaluation of appropriate appraisal, assurance and Value for Money processes within the CA. The Gateway Review will comprise the production and review of a Local Evaluation Framework, a mid-term evaluation of progress made in the delivery of schemes and an impact review to identify achievements and the impact of funded schemes.

5.6 Stage 6: Scheme Close

Requirements relating to closure reports:

Scheme sponsors are required to produce an End of Project Delivery Report at the end of the scheme (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 scheme off by the CA.
- All relevant outputs and key milestones have been achieved.
- The key successes and lessons learnt from the project or programme to inform best methods for future delivery.
- 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 HEYCA website

5.7 Continuous Investment Programme Management [framework to be developed]

A strategy will be developed as part of the business case process for each scheme under the Investment Programme which considers an effective and comprehensive approach to commercial management regarding:

- cost management/inflation
- risk and contingency
- procurement/commissioning
- contract and change management

5.7.1. Performance management system

[To include how the CA will be accountable through scheme reporting and communicating the impact of investment to stakeholders]

A performance management system will be used to collate, record and report on the progress of individual schemes and the investment programme overall. Where schemes do not achieve their milestones for delivery, schemes 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. Schemes that consistently fail to meet projected performance (financial and outputs) may have funding withdrawn. Schemes 'at risk' will be reviewed, and the outcomes of this process will be referred to the CA, 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 CA's s73 officer as having overall responsibility for management and reporting on the performance of the investment programme to the Departmental Accounting Officer within MHCLG.
- 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.

5.7.2. Risk management

HEYCA's chief officer 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 CA's Corporate Risk Register and will be monitored (alongside the performance monitoring procedures) and reported to the Audit and Scrutiny Committees. This will be reviewed at annual intervals.

HEYCA 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 Framework will be developed in accordance with HMT's Orange Book, Management of Risk – Principles and Concept and will be embedded in the CA's financial and governance processes.

6 Humber arrangements/collaboration [arrangements to be updated to reflect recent discussions]

There is an increasing recognition of the economic opportunity being incubated in the Humber and the significance of this at a UK scale. Through their respective devolution deals and together with government, the Hull and East Yorkshire Combined Authority and Greater Lincolnshire Combined County Authority recognise that optimising the Humber's economic potential will require the public and private sector on both banks of the Humber Estuary continuing to work together on pan-Humber economic opportunities alongside the Humber Energy Board and Humber Freeport; with Government acting as a supportive partner.

HEYCA works with its neighbouring Authorities, especially the Greater Lincolnshire Combined County Authority through formal pan-Humber working arrangements. A Mayoral Joint Committee will be established once the Mayors of both HEYCA and Greater Lincolnshire Combined Authority are in place.

The HEYCA Investment Plan will align with the corresponding plan for Greater Lincolnshire, so both are speaking as one to the same priorities for the Humber.

The Humber Strategy sets out the distinctive Humber opportunities, including:

- Strategic growth opportunities and estuary-wide priorities of pan-Humber significance to direct investment for the region, underpinned by a collaborative vision.
- Mitigation measures to barriers to growth to catalyse and enable significant and positive change in strategic priority areas.
- Game changing and targeted interventions and actions needed across industry and the public sector to realise regional ambitions, unlock the region's potential and to deliver pan-Humber strategic aims.

The Humber Strategy aligns with the Humber Freeport Strategy and Humber Energy Board Net Zero Strategy, as well as the emerging Local Growth Plans for both the Hull and East Yorkshire Combined Authority and Greater Lincolnshire Combined Authority.

The Humber Strategy will be subject to a triple lock agreement from the Humber Freeport Board, the Humber Energy Board and the Mayoral Joint Committee.

7 Appendices [all to be reviewed and add business case templates and ToR for all Boards]

7.1 The Seven Principles of Public Life – The Nolan Principles

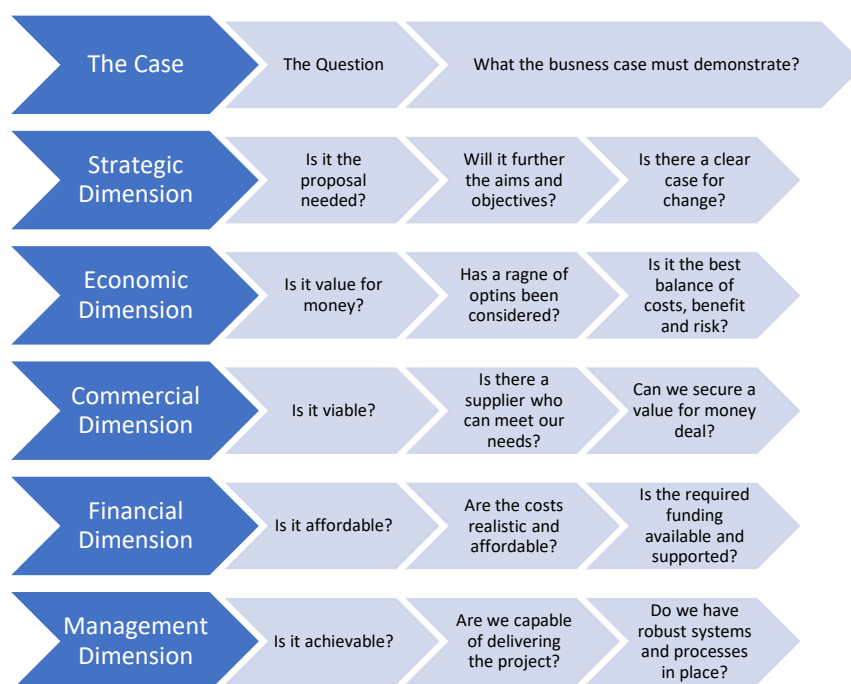
The Seven Principles of Public Life (also known as the Nolan Principles) apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the Civil Service, local government, the police, courts and probation services, non-departmental public bodies (NDPBs), and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The principles also apply to all those in other sectors delivering public services.

- | | |
|-------------------------|---|
| 1 Selflessness | Holders of public office should act solely in terms of the public interest. |
| 2 Integrity | Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships. |
| 3 Objectivity | Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias. |
| 4 Accountability | Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this. |
| 5 Openness | Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing. |
| 6 Honesty | Holders of public office should be truthful. |
| 7 Leadership | Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs. |

7.2 HM Treasury Green Book

The [Green Book](#) is the government's guidance on options appraisal and evaluation. It supports proper consideration of the costs, benefits, and trade-offs of alternative options for delivering policy objectives. The Green Book uses the five-case model (also referred to as the five dimensions) as outlined in the business case guidance for [projects](#) and [programmes](#). This is the government's recommended framework for developing business cases.

The Green Book is supported by supplementary guidance containing more detailed guidance on specific issues and applying the Green Book in particular contexts. It follows the Government's 5 Case (or dimension) model, as described below:

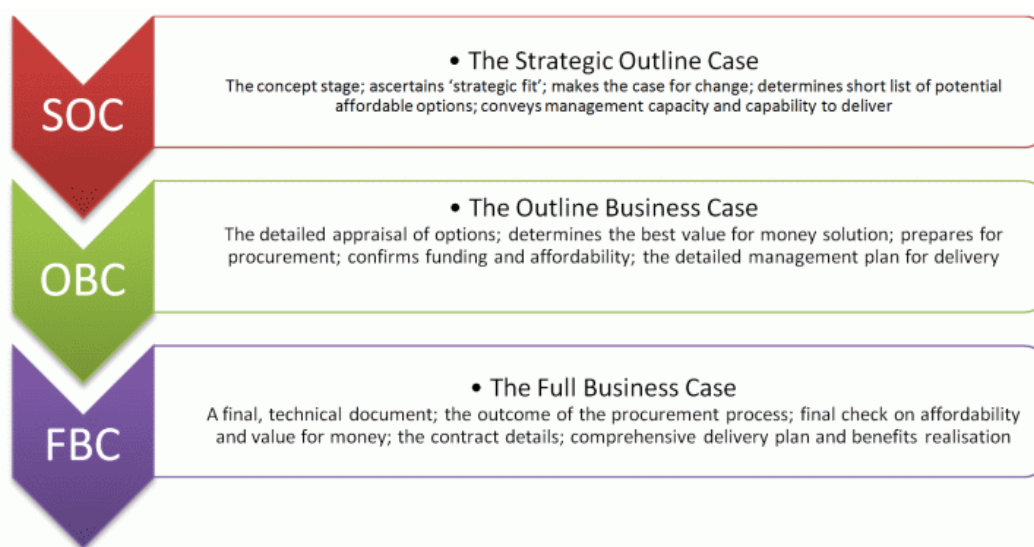


The Five Case Model

Strategic dimension	What is the case for change, including the rationale for intervention? What is the current situation? What is to be done? What outcomes are expected? How do these fit with wider government policies and objectives?
Economic dimension	What is the net value to society (the social value) of the intervention compared to continuing with Business As Usual? What are the risks and their costs, and how are they best managed? Which option reflects the optimal net value to society?
Commercial dimension	Can a realistic and credible commercial deal be struck? Who will manage which risks?
Financial dimension	What is the impact of the proposal on the public sector budget in terms of the total cost of both capital and revenue?
Management dimension	Are there realistic and robust delivery plans? How can the proposal be delivered?

The Business Case

There are usually 3 business cases produced which are:



The SOC, OBC and FBC are three separate documents, each one requiring separate approval and support before moving on to the next stage in the overall project life cycle. And each phase requires the five cases to be addressed, with varying levels of detail. How it fits together:

The Five Cases/ Dimensions	Strategic	Economic	Commercial	Financial	Management
SOC	Key Step 1 Ascertain the strategic fit Key Step 2 Make the case for change	Key Step 3 Develop a long list of options and agree a shortlist	Outline the procurement strategy	Estimate costs (revenue and capital) for shortlisted options	Proposed management arrangements
OBC	Review any significant changes and implications	Key Step 4 Determine value for money (vfm)	Key Step 5 Prepare for the potential deal	Key Step 6 Confirm funding and affordability	Key Step 7 Plan for successful delivery
FBC	Review any minor changes and implications	Confirm value for money	Key Step 8 Procuring the solution Key Step 9 Contracting for the deal	Confirm financial implications and financing	Key Step 10 Ensuring successful delivery (ie comprehensive delivery plan).

More details can be found here: [The Green Book and accompanying guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/the-green-book)

7.3 Transport Projects [to be reviewed and updated against current arrangements]

Transport Projects

Transport Assurance Overview

For the purposes of the Assurance Framework a transport scheme is defined as any scheme that significantly changes the transport network infrastructure or its operation, whatever the objective of the scheme, including funding for public transport. 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.

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

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.

In relation to resource funding for public transport, HEYCA will provide annual assurance to DfT that projects continue to provide value for money, in accordance with the Memorandum of Understanding, using DfT templates.

Transport Project Prioritisation

The HEY Strategic Transport Framework Action Plan forms a pipeline of key strategic interventions and investment proposals building on the constituent council's transport plans. The Strategic Transport Framework provides an outline transport strategy for the early stages of the CA and is subject to the Mayor's approval (once in post).

In order to be considered for investment through the HEYCA's devolved funds, and for transport funding opportunities provided for by non-devolved funds, projects must be included within the Action Plan or its successor (once the Mayor is in post).

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

For transport investments, scheme promoters are required to complete a comprehensive case for funding based on transport specific criteria (which is currently in development). At this stage, schemes that do not meet the eligibility criteria will be sifted out.

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

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 HEYCA's strategic priorities.

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
- consultation evidence on the public acceptability of the proposal.

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

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.

This process ensures all transport investment will deliver the strategic objectives of HEYCA, described in the Gameplan, Transport Framework and Investment Plan.

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.

Appraisal The appraisal process for the Assurance Framework 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.

HEYCA will ensure Value for Money (VfM) and transparency of transport schemes through Transport Project Business case assessments.

The assessment requirement will be proportionate to the scale of the investment. For novel or contentious investments an additional business case stage comprising of an appraisal summary report may be included.

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 business case process.

The transport team within the HEYCA 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.

TAG will be used for all schemes but for schemes with low value (below £5m) a proportionate approach will be taken, in accordance with the Green Book.

VfM for transport schemes will be independently scrutinised on behalf of the HEYCA 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.

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 HEYCA's transport function.

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.

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 HEYCA 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 Plan and The Local Transport Framework and Action Plan.

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

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.

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

Cycling and Walking Schemes

All cycling and walking schemes must meet the latest standards set out in the current cycling and walking scheme guidance. 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 current guidance. HEYCA will work with ATE and all its constituent authorities to ensure the design quality of all active travel schemes funded through the HEYCA is in line with relevant design guidance, with design reviews undertaken prior to any scheme approval.

Business cases will be published on HEYCA 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.

Monitoring and Evaluation

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

7.4 Adult Skills Fund [to be reviewed and updated against current arrangements]

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.

HEYCA's Strategic Skills Framework 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 Framework supports HEYCA's Corporate and Investment Plans as well as key priorities in the region's Local Skills and Improvement Plan (LSIPs).

Annual Assurance Report

HEYCA will produce an Annual Assurance Report on the delivery of its Adult Skills Fund functions in line with wider monitoring and evaluation requirements and the English Devolution Accountability Framework. This will be reported to the Department for Education (DfE) by 31 March each year.

HEYCA will also submit its Annual Assurance Statement to the DfE in July each year following consideration by the HEYCA Executive and Skills Board.

Funding Requirements

HEYCA will publish its Funding & Performance Management Rules specific for each academic year. This document will set out the conditions of Adult Skills Fund funding and apply to all providers who receive Adult Skills Fund funding from HEYCA. HEYCA will publish this in May each year.

Stakeholder Engagement

HEYCA regularly consults with its key stakeholders, including providers and learners, in order to best inform policy direction and decision making.

Local Skills Implementation Plan Group (LSIP) [Role of the Chamber to be added]

Alongside the HEYCA's Strategic Skills Framework, the priorities of the LSIP in regard of the current and future skills needs of the region will be considered appropriately, in regard of how local provision can help people develop the skills they need to get good jobs and increase their prospects. HEYCA will work with the designated Employer Representative Bodies (ERB's) in the HEYCA area, utilising and sharing local labour market intelligence and analysis to inform the commissioning approach for the Adult Skills Fund.

HEYCA will also ensure that the Adult Skills Fund responds to the employer feedback contained within the LSIPs for our region.

HEYCA will use well established mechanisms such as the HEYCA Skills Network, which includes representative from providers, schools, employers and other stakeholders as an engagement tool, building on the good practise model used in developing the Skills Framework and initial Adult Skills Fund consultation.

Monitoring and Evaluation

The Adult Skills Fund reporting will operate in line with the English Devolution Accountability Framework, it will be included within the HEYCA monitoring and evaluation submissions as required under the devolution agreement.

HEYCA is currently working on the readiness conditions which will be submitted to the Department for Education by May 2025.

HEYCA's Monitoring and Evaluation Framework will be used for the Adult Skills Fund activity including the use of logic models. It will meet the national requirements together with locally determined requirements (as established through the skills framework and stakeholder engagement) so that it effectively informs and shapes the criteria for future funding awards. This formal evaluation is undertaken on an annual basis.

Assurance

HEYCA is responsible for assuring the use of funds by all training providers and colleges delivering the Adult skills Fund. Wider assurance includes internal controls such as performance management and monitoring, risk management and quality assurance reviews as well as financial management to monitor the financial viability of those who are in receipt of funding.

7.5 Theory of Change [to align with Gameplan priorities]**Context**

What are the opportunities and/or challenges the scheme seeks to address? What is the policy context in which the scheme sits? What economic, environmental, or social trends provide important context?

Objectives	Inputs	Activities	Outputs	Outcomes
<i>What are the objectives?</i> <ul style="list-style-type: none"> 	<i>What resources are needed to deliver the scheme?</i> <ul style="list-style-type: none"> 	Detailed Design	<i>What direct outputs can be used to measure performance?</i>	<i>What wider outcomes will the scheme achieve if successful?</i>
		Procurement	<i>What direct outputs can be used to measure performance?</i>	<i>What wider outcomes will the scheme achieve if successful?</i>
		Delivery	<i>What direct outputs can be used to measure performance?</i>	<i>What wider outcomes will the scheme achieve if successful?</i>
		<i>What are the schemes main activities?</i>	<i>What direct outputs can be used to measure performance?</i>	<i>What wider outcomes will the scheme achieve if successful?</i>

Overall Impacts

What overall impact will the scheme achieve?

7.6 UK Subsidy Control [to be updated]

A subsidy is where a public authority provides support to an enterprise that gives them an economic advantage, meaning equivalent support could not have been obtained on commercial terms. This could include, for example, a cash payment, a loan with interest below the market rate or the free use of equipment or office space. Subsidies should be given in the public interest, to address a market failure or equity concern. For example, a subsidy could incentivise businesses to do research and development that increases economic productivity and wider prosperity, to increase the use of low-carbon technology, or to extend access to cultural or educational amenities.

To minimise these risks and increase the likelihood that subsidies achieve positive outcomes, the UK subsidy control regime regulates subsidies given in the UK to prevent any excessively distortive or harmful effects. The regime is designed to be flexible, to allow public authorities to support business growth and innovation, promoting competition and investment in the UK. Under the regime, public authorities can deliver subsidies that are tailored to local needs to deliver their strategic priorities.

In order to ensure that all financial assistance given by HEYCA is compliant with the Subsidy Control Act the following seven step process will be undertaken

Step 1 – Determine whether the support is a subsidy

1. Is the financial assistance given, directly or indirectly, from public resources by a public authority?

The combined authority will clearly be giving financial assistance from public resource is and is a public authority within the meaning of the act.

2. Does the financial assistance confer an economic advantage on one or more enterprises?

The recipient must be an 'enterprise': any entity engaged in an economic activity, which means offering goods and services on a market. The financial assistance must confer an economic advantage, meaning that it is provided on favourable terms. Financial assistance will not confer an economic advantage if it could reasonably be considered to have been obtained on the same terms on the market.

3. Is the financial assistance specific? That is, has the economic advantage been provided to one (or more than one) enterprise, but not to others?

This covers financial assistance that is provided to specific beneficiaries determined on a discretionary basis by the government, as well as assistance that benefits (directly or indirectly) only enterprises in a particular sector, industry or area, or with certain characteristics.

4. Will the financial assistance have, or is it capable of having, an effect on competition or investment within the UK, or trade or investment between the UK and another country or territory?

To constitute a subsidy, the assistance must have a genuine effect that is more than incidental or hypothetical on competition or investment in the UK, or on international trade or investment.

Step 2 – Check whether the subsidy or scheme needs to be assessed against the subsidy control requirements

Streamlined Route

Streamlined routes are pre-assessed by the UK government as compliant with the subsidy control principles. There are three streamlined routes available to public authorities supporting the following UK government priorities:

- research, development and innovation
- net zero
- local growth

Minimal Financial Assistance (MFA)

Enterprises can receive low value subsidies (up to £315,000) over 3 financial years. MFA subsidies are subject to cumulation rules, under which MFA subsidies cumulate with each other and with other subsidies that fall within the category of 'Minimal or (SPEI) financial assistance' and include any similar subsidies given under EU state aid de-minimis regulations and subsidies given as small amounts of financial assistance under the UK–EU Trade and Cooperation Agreement after 31 December 2020.

Services of public economic interest assistance

A similar exemption to MFA is available for subsidies for services of public economic interest, known as 'services of public economic interest assistance' (SPEIA). These subsidies can be given up to the higher threshold of £725,000 without having to comply with the majority of the subsidy control requirements.

Step 3 – Ensure the subsidy or scheme complies with the prohibitions and conditions

There are several categories of Subsidy that are prohibited.

Unlimited guarantees - Any subsidy that would guarantee an unlimited amount of liabilities or debts, or that would guarantee a finite amount of liabilities or debts but over an indefinite period, is prohibited.

Export performance - A subsidy that is contingent upon export performance relating to goods or services is prohibited

Use of domestic goods or services - Subsidies that are contingent on the use of domestically produced goods or services, often known as 'local content' subsidies, are prohibited

The following categories of subsidy may be given, provided they are designed to meet certain conditions.

Relocation of activities - A subsidy that contains a condition requiring an enterprise to relocate all or part of its economic activities from one part of the UK to another, where the relocation would not occur without the subsidy is prohibited. However, this prohibition does not apply if a public authority can demonstrate that the effect of the subsidy will be to reduce social or economic disadvantage, in the local area and across the UK, and the subsidy is designed to bring about a change in the size, scope or nature of the existing economic activities of the enterprise.

Services of public economic interest (SPEI) - These are essential services (such as postal services) provided to the public that, without subsidy support, would not be supplied in an appropriate way or may not be supplied at all by the market. A public authority intending to provide a subsidy to an enterprise for the provision of SPEI must comply with certain substantive and procedural requirements to provide the SPEI subsidy. These include applying the subsidy control principles and satisfying itself that the subsidy is: limited to what is necessary to deliver the service; transparent; regularly reviewed; and that the duty to include information in the subsidy database is satisfied.

Rescue and restructure - The Act also prohibits rescuing or restructuring subsidies to ailing or insolvent enterprises unless certain requirements are met.

Step 4 – Design the subsidy to ensure compliance with the subsidy control principles

The 7 principles that must be considered when giving a subsidy or making a scheme are as follows.

- | | |
|---|--|
| A. Common interest | subsidies should pursue a specific policy objective in order to remedy an identified market failure or address an equity rationale (such as local or regional disadvantage, social difficulties or distributional concerns). |
| B. Proportionate and necessary | subsidies should be proportionate to their specific policy objective and limited to what is necessary to achieve it. |
| C. Designed to change economic behaviour of beneficiary | subsidies should be designed to bring about a change of economic behaviour of the beneficiary. That change, in relation to a subsidy, should be conducive to achieving its specific policy objective, and something that would not happen without the subsidy. |
| D. Costs that would be funded anyway | subsidies should not normally compensate for the costs the beneficiary would have funded in the absence of any subsidy. |
| E. Least distortive means of achieving policy objective | subsidies should be an appropriate policy instrument for achieving their specific policy objective and that objective cannot be achieved through other, less distortive, means. |

- | | |
|--|--|
| F. Competition and investment within the UK | subsidies should be designed to achieve their specific policy objective while minimising any negative effects on competition and investment within the UK. |
| G. Beneficial effects should outweigh any negative effects | subsidies' beneficial effects (in terms of achieving their specific policy objective) should outweigh any negative effects, including in particular negative effects on competition and investment within the UK, and on international trade and investment. |

[Step 5 – Check the criteria for subsidies or schemes of interest or particular interest, and consider referral to the Subsidy Advice Unit](#)

Subsidies of particular interest (SoPI) are subsidies that meet any of the following criteria:

- together with other related subsidies given within the previous 3 financial years
- subsidies granted in sensitive sectors if they are over £5 million, or if they are over £1 million and would cumulate above £5 million together with other related subsidies given within the previous 3 financial years
- restructuring subsidies
- subsidies that are explicitly conditional on relocation and meet the conditions subsidies granted outside of sensitive sectors if they are over £10 million, or if they are over £1 million and would cumulate above £10 million set out for an exemption from the general prohibition in section 18 of the Act, that have a value exceeding £1 million

It is mandatory to refer any such proposed subsidies to the Subsidy Advice Unit (SAU) for independent evaluation before the subsidy is given.

Subsidies of interest (SoI) are subsidies that meet any of the following criteria:

- subsidies that do not meet the criteria for SoPI and that are between £5m and £10m, or that cumulate to such a value together with other subsidies given within the previous three financial years
- rescue subsidies
- tax subsidies
- subsidies that are explicitly conditional on relocation and meet the conditions set out for an exemption from the general prohibition in section 18 of the Act, and that have a value of £1m or below

HEYCA may choose to refer their assessment of the subsidy or scheme to the SAU for independent evaluation before the subsidy is given.

[Step 6 – Publish the subsidy or scheme on the subsidy database](#)

The Act imposes transparency obligations on public authorities awarding subsidies to promote accountability and enable the public to see how money is spent. HEYCA will ensure the details of subsidies awarded, or subsidy schemes made, are uploaded to the subsidy database. This may include information of a commercially sensitive nature to the beneficiaries of subsidies or schemes.

[Step 7 – Understand the risk of challenge](#)

The Competition Appeal Tribunal (the Tribunal) has jurisdiction to review subsidy decisions made by HEYCA

7.7 Glossary of Terms [to be updated]

ASF	Adult Skills Fund
BCR	Benefit/ Cost Ratio
BHF	Brownfield Housing Fund
CA	Combined Authority
FBC	Full Business case
GBF	Getting Building Fund
Green Book	The government's guidance on options appraisal and evaluation. More details can be found here: The Green Book and accompanying guidance - GOV.UK (www.gov.uk)
HEYCA	Hull and East Yorkshire Combined Authority
LGF	Local Growth Fund
MCA	Mayoral Combined Authority
MHCLG	Ministry of Housing, Communities & Local Government (It was previously called the Department for Levelling Up, Housing and Communities)
OBC	Outline Business Case
SAU	Subsidy Advice Unit
SOC	Strategic Outline Case
Sol	
SoPI	
UKSPF	UK Shared Prosperity Fund
VfM	Value for Money