

Report to: West Yorkshire Combined Authority

Date: 13 December 2018

Subject: **Corporate Developments**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	

1. Purpose of this report

- 1.1 To propose governance changes in relation to the role of the Investment Committee and the governance of the Leeds City Region Enterprise Zone programme.
- 1.2 To propose and note changes in appointments to membership of the Combined Authority and its committees and to consider the appointment of a Chair of the Overview & Scrutiny Committee.
- 1.3 To inform the Combined Authority of the recommendations of a scrutiny review conducted by Calderdale Council into its engagement and relationship with the Combined Authority and agree a formal response.
- 1.4 To provide the Combined Authority with an update on corporate performance including progress against 2018/19 corporate plan priorities, risk management and current budget position.

2. Information

2.1 Investment Committee – proposed changes to terms of reference

- 2.2 Members are asked to consider a proposal to amend the terms of reference of the West Yorkshire and York Investment Committee, to authorise the Committee to make decisions on behalf of the West Yorkshire Combined Authority (the Combined Authority), in relation to progressing schemes under the Leeds City Region Assurance Framework (the Assurance Framework) in accordance with each scheme's bespoke assurance pathway and approval route. Members are also asked to revise the current bespoke assurance pathway and approval routes for specified schemes, so that the Investment Committee may make decisions in respect of those schemes.
- 2.3 The terms of reference for the Investment Committee, which is currently an advisory committee of the Combined Authority, include making recommendations to the Combined Authority in respect of progressing schemes under the Assurance Framework. The Committee also makes recommendations to the Managing Director in respect of exercising his delegated authority to progress schemes under the Assurance Framework.
- 2.4 One of the main challenges the Combined Authority faces when considering the approval of projects and programmes is to ensure a balance between having a rigorous appraisal process and ensuring decisions are timely. At present, all schemes must be approved by the Combined Authority at decision point 2 (Approval of Expression of Interest) based on a recommendation from the Investment Committee. Also, major projects will usually have an assurance pathway and approval route that requires the Combined Authority to make decisions at decision point 4, (Final Business Case), further to a recommendation from the Investment Committee. This approach has provided transparency of decision making and political oversight of schemes. When Investment Committee and Combined Authority meeting dates cannot be closely aligned this can result in a delay of 6-8 weeks before recommendations from Investment Committee can be approved.

Proposed changes

- 2.5 It is therefore proposed that, to facilitate the delivery of schemes within the funding programme timescales, the Combined Authority authorises the Investment Committee to make decisions on its behalf, in relation to progressing schemes (subject to the limitations set out in paragraph 2.6 below). It is not, however, proposed to change the current process in relation to securing decision point 2 approvals; this is the key decision point in the Assurance Framework process, at which schemes benefit from full consideration from both the Combined Authority and Investment Committee. Nor are timescales generally tight at this stage. However, post decision point 2 timescales are often tight.
- 2.6 This would mean that decision-making in respect of each scheme would still be determined on a case by case basis by its bespoke assurance pathway

and approval route, which would continue to be set by the Combined Authority at decision point 2. Thereafter this would fall within the remit of the Investment Committee subject to the imposition of an upper financial limit. The proposal is that in those cases where intended scheme changes would result in a revised financial approval which exceeded by more than 25% the cumulative total of the previous financial approval plus the tolerance threshold set by the Combined Authority at decision point 2, the decision must be taken by the Combined Authority itself. The Investment Committee review process is a rigorous one, and the Director of Delivery advises that post decision point 2 the Committee will be able to provide the member oversight, scrutiny and the transparency of decision making required. Further, the Investment Committee may choose to refer any decision to the Combined Authority for determination, for example where any significant change is proposed to a scheme, (for example, in terms of cost, scope, outputs, benefits risks or timescales). Proposed amendments to the terms of reference of the committee are attached as **Appendix 1** to this report. Each member on the committee, including co-opted members from the constituent councils and York, would continue to exercise 1 vote.

- 2.7 If Members are minded to accept this proposal, it is further recommended that this approach is applied to a number of existing schemes which are post decision point 2 to provide for the Investment Committee to make decisions which are currently retained by the Combined Authority. **Appendix 2** to this report sets out these proposed changes where the Combined Authority is asked to revise current assurance pathways and approval routes.
- 2.8 It is proposed that the revised arrangements would be of immediate effect in order to maximise the benefits that flow to all partners from more expeditious decision making. To further streamline decision making, from December 2018 the Investment Committee is meeting monthly or as required, and this has already been welcomed by partners and scheme sponsors. Further changes to the Investment Committee may need to be considered in due course as part of the wider review of decision making associated with the proposed LEP merger.

2.9 Enterprise Zones – Proposed Governance Changes

- 2.10 In accordance with the City Region's Enterprise Zone Strategy and Implementation Plan 2017, the Combined Authority established the Strategic Oversight Board in 2016. The Strategic Oversight Board was responsible for establishing a shared vision for the Enterprise Zones but did not have decision making capacity as it was predominantly an officer meeting of partner councils and Combined Authority representatives, chaired by the Chair of the LEP.
- 2.11 A report outlining proposed changes to the structure of governance arrangements for the Leeds City Region Enterprise Zone programme was presented to the LEP Board on 22 November 2018. The report recommended that the Enterprise Zone Strategic Oversight Board should no longer meet and that it should be replaced with a series of officer-led operational meetings chaired by the Head of Implementation (as Senior Responsible Officer) and

reporting directly into the LEP Board at programme level in the future (rather than via the Place Panel) and at regular intervals.

- 2.12 The LEP Board endorsed this approach and approval is now sought from the Combined Authority to formalise the arrangements.
- 2.13 Notification of the changes once agreed shall be reported to Government's Cities and Local Growth Unit in line with the obligations stated within the existing Memorandum of Understanding between the Combined Authority and Government for the Enterprise Zone programme. They have been made aware of the proposals and have raised no objection to the changes.

2.14 Membership Changes

Overview & Scrutiny Committee – change in membership and appointment of chair

- 2.15 On 30 November 2018 Kirklees Council provided notification that Councillor Robert Light had resigned from his position on the Council and that consequently they wished to nominate Councillor Elizabeth Smaje, Councillor Light's substitute on the Overview & Scrutiny Committee, to replace him.
- 2.16 Councillor Light's resignation leaves a vacancy for the position of Chair of the Overview & Scrutiny Committee. Members are asked to consider the appointment of Councillor Elizabeth Smaje to the position of Chair.

Combined Authority Membership – change in substitute 'balancing member' – to note

- 2.17 On 18 October 2018, Bradford Council provided notification that they wished to terminate the appointment of Councillor Simon Cooke as substitute 'balancing member' on the Combined Authority and to appoint Councillor Rebecca Poulsen as his replacement.
- 2.18 Any formal changes to Combined Authority membership must be carried out in accordance with the West Yorkshire Combined Authority Order 2014 which established the Combined Authority with any changes to the 3 'balancing members' requiring the formal agreement of all 5 West Yorkshire district councils. Subsequent to the notification received from Bradford Council, all 5 councils have agreed to:
- terminate the appointment of Councillor Simon Cooke as a substitute Combined Authority member; and
 - appoint Councillor Rebecca Poulsen as the Combined Authority substitute member to replace Councillor Simon Cooke.

Members are asked to note the appointment of Councillor Poulsen which became effective on 26 October 2018.

Appointments to Committees and Panels – to note

- 2.19 At the date of the Combined Authority's meeting on 11 October 2018, there were a number of nominations still to be received from partner councils in respect of membership for some of the Combined Authority committees and panels. **Appendices 3 and 4** to this report are updated schedules setting out the additional appointments for the Combined Authority's committees and panels for Members to note.
- 2.20 **Response to Calderdale Scrutiny Review**
- 2.21 In October 2017, the Chairs and Deputy Chairs of Calderdale Council's three scrutiny boards (and Flood Scrutiny Panel) agreed to undertake a detailed scrutiny review of Calderdale Council's engagement and relationship with the Combined Authority. Responsibility for the review was assigned to the Strategy and Performance Scrutiny Board.
- 2.22 The review group met between December 2017 and February 2018 taking evidence as part of the review from Combined Authority officers, including the then-Interim Director of Policy and Strategy. The final report was considered and endorsed by Calderdale's Strategy and Performance Scrutiny Board at its 25 April 2018 meeting. The full report can be found [here](#). The report contained recommendations for both the Combined Authority and Calderdale Council. Calderdale Council's Cabinet supported the findings and agreed a response to the recommendations which are set out in the response attached as **Appendix 5**.
- 2.23 The review's findings and recommendations were also shared with the Combined Authority and the deputy Chair of the review group met with both the Chair of the Overview and Scrutiny Committee and the Combined Authority's Director of Resources (on behalf of the Managing Director) during the summer and subsequently presented the review's findings and recommendations to the 14 September 2018 meeting of the Overview and Scrutiny Committee. The Committee welcomed the review and suggested that all partner councils periodically review their engagement with, and contribution to, the West Yorkshire Combined Authority as an integral two-way, mutual appraisal process which will drive improvements in partnership working. The Committee also supported the recommendations to the Combined Authority.
- 2.24 A proposed response on behalf of the Combined Authority to the scrutiny review's recommendations is attached at **Appendix 6** for Members' consideration.
- 2.25 The Chair and Managing Director of the Combined Authority have also been invited to a future meeting of Calderdale's Strategy and Performance Scrutiny Board to discuss the proposed agreed response and next steps.

2.26 Corporate planning and performance

Corporate Plan 2018/19

- 2.27 The Combined Authority's annual Corporate Plan sets out the vision and mission for the organisation and also highlights the long term regional ambitions, which the Combined Authority will play a major role in contributing towards. These ambitions fall under the key themes of boosting productivity, enabling inclusive growth and delivering 21st century transport.
- 2.28 In order to measure the Combined Authority's success in contributing to these regional aims, a set of 14 headline success measures has been developed and published in the Corporate Plan. An update on progress against these success measures is provided as part of the performance snapshot report which is provided at **Appendix 7**.
- 2.29 This shows that while the majority of indicators are assessed as 'green' and therefore on track to be met, there are currently three indicators assessed as red. The first of these has previously been highlighted and is related to the delivery of refurbished floorspace through skills capital projects. At present it is estimated that this target won't be fully met in 2018/19, due to an unanticipated delay in the programme for one of the key projects.
- 2.30 Two further indicators are now assessed as red, relating to the targets for supporting individuals to upskill in skills shortage areas and supporting businesses to offer apprenticeships. In both of these cases the confirmation of European Social Funding to deliver these activities was received later than expected on 30th October 2018. As a result of this delay, activity in both areas is now planned to commence in January 2019 with 2018/19 outputs therefore being rolled forward to 2019/20.

Corporate Plan 2019/20 development

- 2.31 Work is continuing on the development of integrated budget and business plan proposals for the 2019/20 financial year. Approval to these proposals will be sought at the Combined Authority meeting of February 2019 and the approved version will then go on to form the basis of the 2019/20 Corporate Plan.
- 2.32 Further information about the detailed process to develop the 2019/20 business plans and associated budget is provided in the draft budget report provided at Agenda item 11.
- 2.33 It is expected that the current corporate priorities of boosting productivity, enabling inclusive growth and delivering 21st Century transport (with a key focus on delivery and devolution to achieve these), will remain the core organisational focus moving into the 2019/20 financial year, in addition to a greater focus on clean growth. The emphasis will however shift onto ensuring

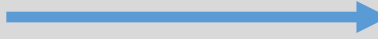
that these priorities are fully embedded and clearly linked to the priorities of each directorate, team and individual.

Corporate risk update

- 2.34 Regular review of the key strategic risks affecting the organisation continue to be undertaken and a summary of the current corporate risk register is provided at **Appendix 7** as part of the performance snapshot report.

Risk Appetite Statement

- 2.35 As a result of recent directorate level risk reviews, officer feedback has also been received on the current Risk Appetite Statement resulting in a proposal that the level of financial risk appetite be reduced. This is not related to any specific change in financial circumstances, but instead reflects feedback that the previous assessment of financial risk appetite was on reflection not considered to fully reflect the current position.
- 2.36 It is therefore proposed to update the Risk Appetite Statement to show the level of financial risk appetite moving from level 3 down to level 2. This would result in the updated Risk Appetite Statement being presented as follows:

Current Risk Appetite:	<div> <i>Low Risk Appetite</i>  <i>High Risk Appetite</i> </div>				
	1	2	3	4	5
Compliance and Regulation					
Operational/Service Delivery					
Financial					
Reputational/Marketing/PR					
Strategic Transformational Change					
Development and Regeneration					
People and Culture					

- 2.37 The Governance and Audit Committee recently considered the Risk Appetite Statement and noted the proposed change.
- 2.38 The Combined Authority are also requested to provide feedback on this change and also more generally on the current assessment of risk appetite across all categories as presented above.

Revenue budget position 2018/19

- 2.39 A summary of the 2018/19 current spend to budget as at October 2018 is attached at **Appendix 8**. A RAG rating has been included to identify budgets that need further review. There are no 'red' areas of concern to report.
- 2.40 The approved annual budget included a £1.4m deficit to be funded from general reserves. Latest forecasts suggest that expenditure is being managed within this figure.

3. Inclusive Growth Implications

- 3.1 There are no Inclusive Growth implications directly arising from this report.

4. Financial Implications

- 4.1 The financial implications are covered in the body of the report in relation to corporate planning and performance and the associated appendices.

5. Legal Implications

- 5.1 The Combined Authority's power to appoint voting members to a decision-making committee is by law more restricted than the power to appoint voting members to an advisory committee. These proposals are in accordance with the Authority's powers.
- 5.2 Any formal changes to Combined Authority membership must be carried out in accordance with the West Yorkshire Combined Authority Order 2014.

6. Staffing Implications

- 6.1 There are no staffing implications directly arising from this report.

7. External Consultees

- 7.1 No external consultations have been undertaken.

8. Recommendations

- 8.1 That the Combined Authority approves amendments to the terms of reference for the West Yorkshire and York Investment Committee as set out in **Appendix 1** to this report, authorising the Committee to make decisions on behalf of the Combined Authority to progress schemes under the Leeds City Region Assurance Framework, in accordance with each scheme's bespoke assurance pathway and approval route.
- 8.2 That the Combined Authority approves revised bespoke assurance pathway and approval routes for the schemes set out in **Appendix 2**.

- 8.3 That the Combined Authority approves the changes in governance arrangements for the Enterprise Zone programme as detailed in para 2.11 of this report.
- 8.4 That the Combined Authority notes the termination of the appointment of Councillor Robert Light as a member of the Overview and Scrutiny Committee and appoints Councillor Elizabeth Smaje as his replacement.
- 8.5 That the Combined Authority appoints Councillor Elizabeth Smaje as Chair of the Overview and Scrutiny Committee.
- 8.6 That the Combined Authority notes the termination of the appointment of Councillor Simon Cooke as a substitute Combined Authority member and that his replacement is Councillor Rebecca Poulsen with effect from 26 October 2018.
- 8.7 That the Combined Authority notes the updated member appointments as set out in **Appendices 3** and **4** to this report.
- 8.8 That the Combined Authority agrees the proposed response to the recommendations made by Calderdale Council's Strategy and Performance Scrutiny Board as set out in **Appendix 6**.

9. Background Documents

There are no background documents referenced in this report.

10. Appendices

Appendix 1 – Draft terms of reference, West Yorkshire and York Investment Committee

Appendix 2 – Revised bespoke assurance pathway and approval routes.

Appendix 3 – West Yorkshire Combined Authority appointments 2018-19

Appendix 4 – West Yorkshire Combined Authority advisory panel appointments 2018-19

Appendix 5 – Calderdale Council cabinet response to its Strategy and Performance Scrutiny Board's recommendations

Appendix 6 – Proposed response from the Combined Authority to Calderdale Council's Strategy and Performance Scrutiny Board's recommendations

Appendix 7 – Corporate Performance Snapshot Report

Appendix 8 – Budget monitoring 2018/19