
Report to: West Yorkshire Combined Authority

Date: 28 June 2018

Subject: **Corporate planning and performance**

Director: Angela Taylor, Director of Resources

Author(s): Louise Porter, Jon Sheard and Caroline Allen

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:	N/A

1. Purpose of this report

- 1.1 To provide the West Yorkshire Combined Authority with an update on corporate performance including progress against corporate priorities, risk management and budget position.
- 1.2 To provide an overview of work currently underway to review and revise internal governance procedures at the Combined Authority and to seek endorsement to the changes proposed including the recommendation that the senior leadership team meet with both the chair of the authority and the chair of the LEP Board on a quarterly basis to drive the strategic agenda of the organisation.

2. Information

2017/18 Corporate Plan performance

- 2.1 The 2017/18 Corporate Plan set out a vision for the Leeds City Region to be recognised globally as a strong and successful economy where everyone can build great businesses, careers and lives. In order to measure progress against the 2017/18 Corporate Plan a series of 23 key performance indicators (KPI's) were established and were measured periodically throughout the year.

Members of the Combined Authority received an update on progress against these KPI's at their meeting of 5 April. This update was based on data that was available up to the end of February 2018. A final year end position for the 2017/18 KPI's is now available and this is provided at **Appendix 1**.

2.2 Of the 23 core KPI's presented in **Appendix 1**:

- 13 are rated as 'Green' and have either met or exceeded the target set at the beginning of the year
- 6 are rated as 'Amber' and have therefore narrowly missed meeting the stated target (within 10%), due to circumstances changing during the year, which may not be within the full control of the Combined Authority.
- 4 are rated as 'Red' and have therefore not met the stated target for a range of reasons summarised below in 2.4

2.3 Over the last year there have been some significant successes in delivering against the Corporate Plan priorities, as reflected by a number of KPI's where targets have been met or exceeded. Some examples are provided below:

- 1,902 businesses were supported to offer apprenticeships during the year, nearly doubling the target figure of 1,000
- The average cost per job created in businesses receiving capital funding was £8,605, around 30% less than estimated.
- Through the work of the inward investment service over 2,500 jobs have been committed to the Region, far exceeding the target of 1,000
- 70.9% of all MCard ticket sales during the year were made by an alternative to visiting a travel centre, demonstrating the greater choice available to passengers.
- Availability of the Combined Authority's websites has remained at over 98% throughout the year, which includes planned downtime needed for essential maintenance work.
- 92% of all schemes which have been subject to the Combined Authority's assurance process have progressed from the submission of an initial Expression of Interest, to decision point 2 within a 3 month period

2.4 There have also been four specific KPIs' set out in the 2017/18 Corporate Plan have not been met during the year. A summary of the four indicators which have been rated as red and the remedial actions being undertaken as a result is provided below:

- **Number of apprentices working for the Combined Authority:** The Combined Authority is committed to working with businesses to increase the number of apprenticeship opportunities in the Region, in order to help promote inclusive growth through investing in the development of skills and to provide broader employment opportunities. As an employer itself it is also vital that the Combined Authority leads by example in this area and this will continue to be a priority over the coming year. In 2017/18 there has been a lower level of apprentices recruited into the organisation than anticipated. To address this issue

and to ensure progress is made in 2018/19, all 'entry level' vacancies arising in the organisation are now being automatically recruited as apprentices unless there are any extenuating circumstances. Further work is also in progress to identify wider opportunities for apprenticeships across the organisation.

- **Performance Review Completion Rate:** As part of the ongoing programme of transformational change for the organisation, a new performance review system was introduced during 2017/18. This is aimed at ensuring clearer accountabilities and demonstrating the golden thread between each individual's objectives and strategic organisational objectives. Following introduction of the new performance review system, there has been a delay in completing the process of uploading all performance review data. While the current figure suggests that only half of performance reviews have been completed, due to this data lag issue the actual percentage is believed to be much higher. A final position will be brought back to the next meeting of the Combined Authority.
- **Percentage increase in digital presence and reach across our communications channels:** In parallel to establishing a new brand and identity for the Combined Authority, the Communications and Marketing team have also sought to increase the digital reach of the organisation to ensure that key messages can reach much wider audiences. While the target in this area has not been met in 2017/18, this is largely due to the impact of unanticipated resourcing issues occurring earlier in the year. However, following the introduction of remedial measures, progress in extending the organisation's digital presence and reach will continue in the coming year.
- **Percentage of concessionary passes ordered online:** As part of the organisation's ambition to modernise transport services, significant work is underway to make more passenger information and ticketing services available online. One area where the uptake of online services has been lower in 2017/18, is with regard to the percentage of concessionary passes being ordered online. This is largely due to a number of technical issues encountered with the online ordering system, which are now being addressed to improve the customer interface. The use of customer feedback in refining the system is forming a key part of this work and the amount of online transactions is expected to increase as a result.

Corporate Plan 2018/19

- 2.5 The Combined Authority's annual Corporate Plan sets out the vision and mission for the organisation and the practical steps for how these will be progressed during the year. The draft Corporate Plan for 2018/19 was considered and endorsed by the Members of the Combined Authority at their meeting of 5th April. It was agreed that final sign off for the plan be delegated

to the Managing Director in consultation with the Chair of the Combined Authority and the LEP Chair.

- 2.6 The 2018/19 Corporate Plan has now been finalised and a copy is available at the following link: <https://www.westyorks-ca.gov.uk/about-west-yorkshire-combined-authority/>. As previously reported, the 2018/19 Corporate Plan sets out the following long term ambitions for the region which the Combined Authority will play a major role in contributing towards:

Boosting Productivity:

- Closing the gap between Leeds City Region's productivity rate and the UK average – adding £10 billion to our economy
- £3.7billion in additional annual economic output for the region by 2036 as a result of our Growth Deal-funded projects
- 35,000 additional jobs by 2036

Enabling inclusive growth:

- Reducing the proportion of jobs that pay less than the real living wage
- Helping more disadvantaged groups into work
- Increasing the number of key regional organisations or “anchor organisations” committed to putting in place inclusive growth initiatives
- Improving air quality and energy efficiency

Delivering 21st Century Transport:

- Delivering a world class, modern integrated transport system and
- Increasing trips by public transport, walking and cycling.

- 2.7 In order to measure success against these long term ambitions, the 2018/19 Corporate Plan includes a series of 14 headline success measures that will measure how successful the Combined Authority has been in contributing to these goals. An update on progress against these measures will be reported to each meeting of the Combined Authority through a Performance snapshot report. The performance snapshot report for this period is attached at **Appendix 2**.

Corporate risk update

- 2.8 As previously reported to the Combined Authority a review of corporate risk management arrangements has been undertaken and this has resulted in the development of an updated corporate risk management strategy. In parallel to the development of this strategy, a review of the key strategic risks affecting the organisation has also been undertaken. As part of this process an informal risk workshop was held with Combined Authority members in February and the outputs from this were incorporated within the Corporate Risk Register.
- 2.9 A summary of the current corporate risk register is provided at **Appendix 2** as part of the performance snapshot report.

- 2.10 Work is currently underway to consider further enhancements to corporate risk management and reporting arrangements, in line with the wider review of the Combined Authority's internal governance framework that is currently in progress (see paragraphs 2.17-2.24 below)

Revenue budget position

2017/18

- 2.11 A summary of the 2017/18 final outturn is attached at **Appendix 3**.
- 2.12 The final position is a planned/managed £1.9m deficit to be met from general reserves and in line with the indicated position reported to the May 2018 meeting. This is a better position than both the £3.5m deficit budgeted at the start of the year and the £2.5m deficit reported in April 2018.
- 2.13 The reduced expenditure position is mainly attributable to the managed staff vacancy and recruitment position in the second half of the year and to the recovery of eligible costs against the capital projects. As such it represents a one off boost to general reserves but it is not expected to recur in 2018/19.
- 2.14 For information a full set of the Combined Authority's draft accounts for 2017/18 can be found at the following link

<https://www.westyorks-ca.gov.uk/about-west-yorkshire-combined-authority/freedom-of-information/what-we-spend-and-how-we-spend-it/>

2018/19

- 2.15 A summary of the 2018/19 current spend to budget as at 31 May 2018 is attached at **Appendix 4**.
- 2.16 The approved annual budget is a £1.4m deficit to be funded from general reserves. With only two months of the year gone it is too early to predict the outturn position. Future reports to this meeting will update members on the forecast position.

Internal Governance Review

- 2.17 The One Organisation programme was set up in 2016 with a key aim to bring together the different parts of the organisation, undertake a comprehensive restructure of the directorates and complete a full organisational design programme. This phase is now largely complete with key members of directorates recruited and respective senior management teams in place. **Appendix 5** shows the current senior structures. As a result, the time is right to review the current officer decision making structures and processes to ensure these are effective and fit for purpose for the way the authority works today.

- 2.18 The principle aim of this review is to ensure that the internal governance arrangements improve the efficiency and effectiveness of officer decision making with decisions taken at the most appropriate level and clear and transparent processes and accountability to enable the organisation to both lead the delivery of the authority's priorities and be more responsive to changing circumstances.
- 2.19 The proposal is to introduce a more devolved model of officer decision making, with an increased sub-delegation scheme from the Managing Director principally to Directors and Heads of Service to ensure that operational matters are dealt with at the right level of the organisation. This should promote a wider level of responsibility and accountability and provide a more responsive service in relation to the operational business of the authority. In addition the 'corporate manager' role is to be shared more widely across the extended senior management team (Directors and Heads of Service) in order to achieve a strengthened and unified corporate owner and influencer model across the wider organisational agenda.
- 2.20 This report provides an update on the first phase of this review, namely proposals for the arrangements of two key officer bodies, the senior leadership team (SLT) comprising the Managing Director, Directors and Executive Head of Economic Services and the senior management team (SMT) comprising the senior leadership team together with their direct reports (Heads of Service), as shown on the structure diagram at **Appendix 5**.
- 2.21 The proposed high level roles and responsibilities of SLT and SMT and their interrelationship with the directorates is shown in the diagram attached at **Appendix 6**. It is proposed that the SMT becomes the vehicle that takes the 'hands on' responsibility for the corporate management of the authority. This would include for example collectively shaping and approving internal policies and reviewing their effectiveness; implementing the corporate plan including reviewing performance against the key performance indicators and implementing in year changes to address areas of underperformance; reviewing in year performance against the approved budget and maintaining the operational responsibility for compliance and internal controls¹ where issues or concerns are flagged which are not addressed at a directorate level. SMT would in effect be the gate keeper on such issues escalating matters to SLT as appropriate.
- 2.22 This model would release capacity for SLT to focus on the strategic leadership of the officer body, working more closely with the Chairs of the Authority and the LEP Board throughout the year on matters such as the preparation and implementation of the corporate plan (driving delivery of the outcomes and priorities contained within it) and budget setting and leading the more significant cross cutting projects and work streams. SLT would retain overall responsibility and accountability for the strategies and performance of the organisation, but this would be managed through a clear and transparent set

¹ Including health and safety, information governance, internal audit and risk management

of accountabilities and gateways with escalation routes and periodic reporting clearly defined within a formal reporting structure.

2.23 The proposed model introduces a forward plan of key items scheduled throughout the year tied into the budget planning cycle. As part of this it is intended that SLT will meet a minimum of four times per year together with the Chair of the Authority and the Chair of the LEP Board and an appropriate external third party to provide challenge and support to the strategic leadership of the authority. This would provide an opportunity to focus on specific themes or strategies to enable a more detailed level of review and reflection to aid continuous improvement. SLT would continue to meet on a more regular basis to consider business scheduled on the forward plan and other matters referred to it for discussion or decision.

2.24 Subject to any comments or views from Members, these proposals will be worked up together with revisions to extend the current MD sub-delegation scheme to dovetail with the new arrangements. The roll out of robust processes, monitoring and guidance will accompany the subsequent implementation phase.

3. Inclusive Growth Implications

3.1 There are no inclusive growth implications directly arising from this report.

4. Financial Implications

4.1 There are no financial implications directly arising from this report.

5. Legal Implications

5.1 There are no legal implications directly arising from this report.

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 notes and provides comment on the information on corporate performance.

8.2 That the Combined Authority endorses the proposals for changes to the internal governance arrangements of the authority including the recommendation that the senior leadership team meet with both the chair of the authority and the chair of the LEP Board on a quarterly basis to drive the strategic agenda of the organisation.

9. Background Documents

9.1 None.

10. Appendices

Appendix 1 – 2017/18 Key Performance Indicators: final year end position

Appendix 2 – Corporate Performance Snapshot Report

Appendix 3 – Final outturn 2017/18 budget

Appendix 4 – Budget monitoring 2018/19

Appendix 5 – Current CA Senior Management Structure

Appendix 6 - Proposed high level roles and responsibilities of SLT and SMT