

## **INFORMAL CONSULTATIVE MEETING OF THE CORPORATE SCRUTINY COMMITTEE**

**MEETING TO BE HELD REMOTELY DUE TO COVID-19 AT 10.00 AM  
ON FRIDAY, 21 JANUARY 2022**

**THIS MEETING WILL BE LIVESTREAMED HERE:**

**<https://www.youtube.com/channel/UCaziNSGpgZZT41Vibn2ZK9A/live>**

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### **A G E N D A**

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
- 3. POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC**
- 4. MINUTES OF THE LAST MEETING HELD ON 19 NOVEMBER  
2021**  
(Pages 1 - 6)
- 5. CHAIR'S COMMENTS AND UPDATE**
- 6. ASSURANCE FRAMEWORK**  
(Pages 7 - 84)
- 7. INTEGRATED CORPORATE SYSTEMS**  
(Pages 85 - 88)
- 8. BUDGET AND BUSINESS PLANNING**  
(Pages 89 - 122)
- 9. CORPORATE SCRUTINY WORK PROGRAMME**  
(Pages 123 - 138)
- 10. DATE OF THE NEXT MEETING - 11 MARCH 2022**

**Signed:**



**Managing Director  
West Yorkshire Combined Authority**

## MINUTES OF THE MEETING OF THE CORPORATE SCRUTINY COMMITTEE HELD ON FRIDAY 19 NOVEMBER 2021 AT COMMITTEE ROOM 6/7, LEEDS CIVIC HALL

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### Present:

Councillor Peter Harrand (Chair)	Leeds City Council
Councillor Geoff Winnard (Deputy)	Bradford Council
Councillor Mike Barnes	Calderdale Council
Councillor Andrew Cooper	Kirklees Council
Councillor Paul Davies	Kirklees Council
Councillor Jane Dowson	Leeds City Council
Councillor Jacob Goddard	Leeds City Council
Councillor Tony Homewood	Wakefield Council
Councillor George Robinson	Calderdale Council
Councillor Melanie Stephen	Kirklees Council
Councillor Jeanette Sunderland	Bradford Council
Councillor Carol Thirkill	Bradford Council

### In attendance:

Khaled Berroum	West Yorkshire Combined Authority
Mayor Tracy Brabin (Minute 8 only)	West Yorkshire Combined Authority
Ben Still (Minute 8 only)	West Yorkshire Combined Authority
Angela Taylor	West Yorkshire Combined Authority

### 1. Apologies for absence

Apologies for absence were received from Councillors David Jones, Rachel Melly, Betty Rhodes, and Megan Swift.

The meeting was confirmed as quorate, with 12 members present out of 11 needed for quorum.

### 2. Declarations of Disclosable Pecuniary Interests

There were no declarations of disclosable pecuniary interests.

### 3. Possible exclusion of the press and public

There were no items requiring the exclusion of the press and public.

### 4. Notes of the inquorate meeting held on 24 September 2021

**Resolved:** That the notes of the inquorate meeting held on 24 September 2021 be noted and entered as public record of what was discussed.

## **5. Scrutiny and governance arrangements**

The Committee considered a report of the Statutory Scrutiny Officer outlining membership changes since the last meeting and amendments to Scrutiny Standing Orders section on substitute rules to be proposed to the Combined Authority on 9 December.

The Chair welcomed new member Councillor Tony Homewood, representing Wakefield Council, to the committee.

The Committee thanked officers for considering their proposals on scrutiny substitutes and implementing the changes.

**Resolved:** That the report be noted.

## **6. Chair's update and comments**

The Committee received a verbal update from the Chair on his activity since the last meeting and a number of matters, including:

- The three Scrutiny Chairs have written a joint letter with Mayor Tracy Brabin to the Secretary of State for Levelling Up, Housing & Local Government, Michael Gove, asking him to consider lowering statutory quorum requirements for combined authority scrutiny and allowing remote or hybrid meetings.
- Meeting with Mayor Brabin 1-1 to discuss the corporate scrutiny workplan and the committee's plans for the year. The Mayor outlined her own plans and expressed support for scrutiny's critical friend role.

**Resolved:** That the Chair's verbal update be noted.

## **7. Corporate Scrutiny Work Programme 2021/22**

The Committee considered a report of the Statutory Scrutiny Officer outlining the 2021/22 Work Programme which was based on the discussion held at the previous inquorate meeting and subsequent conversations with directors and heads of service.

It was suggested that a special budget focused workshop be set up between 9 December and the Christmas Break for Members to be briefed on the latest draft budget and the budget and business planning process ahead of the fuller draft budget coming to Corporate Scrutiny at the 21 January committee meeting (before it is approved at the 3 February CA meeting).

**Resolved:**

- i) That the appended 2021/22 Work Programme be approved.
- ii) That a Budget Workshop for Members be arranged between 9 December and Christmas.

## 8. Mayor's Question Time – Tracy Brabin

The Chair thanked the Mayor Tracy Brabin for attending Corporate Scrutiny to answer the Committee's questions and outlined the format of the Mayor's Question Time. The session would be split into pre-agreed topic areas and members would be able to ask any questions under those topic areas, and any follow ups.

The topic areas were:

- Devolution settlement and powers vs Mayoral 'soft power'/influence
- Partnership working across West Yorkshire and strategic alignment
- Gainshare spending and Budget and business planning
- Internal corporate matters

Before questions, the Mayor provided an update on the government's announcement cancelling HS2 and its potential impact on the CA's work.

Following questions and supplementary questions, the following was reported to the committee:

1. **Direct mayoral powers:** Mayors' powers differ by area as each devolution deal is bespoke. Manchester and West Yorkshire have police powers, but Manchester also has health powers and additional spatial planning powers. West Yorkshire's planning powers may be expanded following national planning reforms planned by the government and it is felt that additional powers on climate related issues are important to tackle environmental issues, in particular when related to buses and other existing transport issues, which still require government's final approval.
2. **Soft power, profile and influence:** Most mayoral power is 'soft power' that is based on profile, influence and relationships. The Mayor spends a lot of time building and maintaining relationships with a range of stakeholders, from the partner councils, to local transport operators, and government ministers. As a former MP the Mayor has a number of pre-existing relationships with ministers and council leaders, and the goal of current communications activity is to raise the authority and mayor's profiles to increase soft power capacity. There is a balance to be made between working with central government constructively and criticising some decisions as necessary.
3. **Bidding for funding:** A lot of the Combined Authority time is spent identifying or bidding for funding. Officer capacity for this has increased over the years and the CA has been relatively successful in the level of funding won, in particular, the largest growth deal. The capacity to participate in bidding and securing funds is also under review. It can be time consuming and repetitive and many consider requiring central government approval for local plans is not quite within the spirit of devolution.

4. **Gainshare spending strategy:** is a new form of local government spending which a Mayoral Combined Authority can spend on anything at all. There are concerns that Gainshare spending would be used as a 'slushfund' or be distributed along 'political' lines. There is a debate as to whether the money should be distributed equally between council areas or spent strategically to fulfil the Mayor's manifesto pledges and schemes with the highest overall impact, focusing on outcomes/outputs. Current plans are to ensure that all Mayors Pledges have spending and activity against them and all Gainshare spending requests be judged against how they will achieve strategic objectives. All spending will go through the usual decision-making processes at public committee meetings and are subject to scrutiny call-in to avoid any undue favouritism and absence of rigour.
5. **Borrowing against Gainshare:** There is also the potential to borrow against Gainshare to increase level of long-term investment. This possibility is being explored as part of budget planning for next year and medium term. It is possible to borrow, and there are advantages to using it to raise extra money for investments, especially as Gainshare is not indexed to inflation over the 30 years. Borrowing also has its risks and downsides which must be explored thoroughly, not least 'tying' the hands of successors and increasing the organisation's debt commitment costs over time. The CA currently borrows from the Public Works Loan Board, as all local government, as per its treasury management policy overseen by the Audit Committee.
6. **Budget and business planning:** Budget planning across local government is difficult this year in the wake of COVID. At the CA, the biggest challenges are risks in transport funding, potential pay award, and the risks arising from uncertainty about government funding as Growth Deals and European funding comes to an end this year. Commitments have been made not to introduce a mayoral precept or increase the transport levy, so work is ongoing to find savings to ensure the budget is balanced. Mayor and council leaders are working with opposition CA members on a budget working group to set the medium-term financial strategy. The current target is to plan to mayoral term lengths – the first term being three years and then the four years after as most business planning is now being aligned to mayoral pledges which have informed corporate priorities.
7. **Partnership working and strategic alignment across councils:** The Mayor and council leaders work closely. Council leaders are not only members of the CA, but the Mayor and leaders meet frequently to lead the organisation and ensure that activity, policies and investments are aligned and in the region's benefit. This level of partnership is a core part of the CA's decision-making structures and good working relationships between the leaders and Mayor is vital. The Mayor does not instruct council leaders on policies for their area, which they are best placed to know.

8. **ESG (Environmental, Social, and Governance) / EDI (Equality, Diversity, Inclusion):** ESG/EDI issues have increased in prominence as a key Mayoral strategic priority. Work is underway to recruit a regional Inclusivity Champion and inclusivity impact and assessment has now been deployed in all reports (and assurance framework analysis) and new services and policies are being developed to plug inclusion gaps (e.g. quotas in programmes targeting individuals/communities). There is still work underway to assess and determine a way forward in terms of ESG and procurement and seeking living wage accreditation in the organisation's suppliers and partners (as the CA already pays living wage to employees). It is considered vital that the authority 'practices what it preaches' in this area.
  
9. **6 months in – first impressions:** The Mayor's role is very diverse. Sometimes there is a lot of focus on PR and building profile, meeting people and representing the region in the media and at events. On the other hand is the decision making and strategizing and building ideas in meetings. There has been a steep learning curve but the organisation has been well equipped to onboard a new Mayor. Some changes were needed, in building a new bespoke Mayor's office and in increasing external comms capacity to cater to the needs of a Mayoral operation.

**Resolved:** That the Mayor be thanked for attending and the Committee's feedback and conclusions be considered further.

9. **Date of the next meeting – 21 January 2022**

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**Report to:** Corporate Scrutiny Committee

**Date:** 21 January 2022

**Subject:** Assurance Framework review

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**Director:** Melanie Corcoran, Director of Delivery

**Author:** Craig Taylor, Head of Portfolio Management and Appraisal (PMA)

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## **1 Purpose of this report**

- 1.1 To provide the Corporate Scrutiny Committee with an update on the progress relating to changes proposed to the Leeds City Region Local Assurance Framework arising from the 2022 annual review. The review was undertaken to strengthen the compliance of the Local Assurance Framework to the National Local Growth Assurance Framework guidance (September 2021).
- 1.2 To ask the Corporate Scrutiny Committee to provide feedback on the proposed revisions to the Leeds City Region Assurance Framework.

## **2 Information**

- 2.1 The Local Assurance Framework was developed in 2015 as part of the Growth Deal with Government and in February 2021 was updated to comply with changes arising from the West Yorkshire Devolution Deal for a Mayoral Combined Authority. Its purpose is to ensure that the necessary systems and processes are in place to manage funding effectively, and to ensure the successful delivery of the Strategic Economic Framework (SEF) and West Yorkshire Investment Strategy (WYIS) ambitions. Its focus is to ensure that necessary practices and standards are implemented to provide the Government, Combined Authority, the LEP and local partners with assurance that decisions over funding (and the means by which these decisions are implemented) are proper, transparent and deliver value for money. It covers all projects and programmes funded from Government or local sources that flow through the LEP and / or Combined Authority.
- 2.2 In the period after February 2021 and prior to the National Local Growth Assurance Framework guidance (September 2021), minor changes have been made on two occasions by Written record of an officer decision (WROD):
  - in July 2021 to reflect the new Mayoral arrangements; and

- in October 2021 to reflect the changes to the Committee Structure approved by the Combined Authority on 22 April 2021.
- 2.3 The Local Assurance Framework must be reviewed annually and uploaded onto the Combined Authority's and LEP's website. The deadline for this to be completed is 28 February 2022.
- 2.4 The Assurance Framework has been prepared in accordance with HM Government Local Growth National Assurance Framework guidance (September 2021) and builds on a body of existing good practice. The LEP has to comply with this guidance for the relevant funding streams, but the principles are also applied to the Combined Authority, as the accountable body for the LEP for all funding streams.
- 2.5 The Corporate Scrutiny Committee is requested to note that no further update has been published by MHCLG with regards the Local Growth National Assurance Framework guidance since September 2021 and none is expected prior to 28 February 2022. Therefore, this year's review of the Local Assurance Framework has been focused on aligning the Local Assurance Framework with current working practices, decision-making arrangements post mayoral elections, Strategic Economic Framework (SEF) and West Yorkshire Investment Strategy (WYIS).
- 2.6 A copy of the draft Local Assurance Framework 2022 (with track changes) can be found at Appendix 1. The key changes to the Local Assurance Framework are outlined below.
- Updates due to the Mayor now being in post (The Assurance Framework 2021 was approved prior to the Mayoral elections).
  - Updates due to the West Yorkshire Investment Strategy (WYIS) now being in place.
  - Updates to reflect further changes to the Committee Structure.
  - Section 4.2. References to the changes in the committee arrangement for Economic Services grants.
  - The Combined Authority has developed an approach to carbon appraisal which forms an integral part of the Assurance Framework and features in all stages of business case development from SA through to FBC.
  - The Value for Money assessment has been broadened to include specific strategic goals.
  - Section 8. The Combined Authority's approach to evaluation has developed.
- 2.7 The Local Assurance Framework continues to adopt a flexible and proportionate approach based on an assessment of risk, cost and deliverability. For example, a low cost, low risk scheme may proceed from Activity 2 to Activity 4 with a simplified business case template requirement for evidencing value for money. The Combined Authority uses a variety of templates with 'How to Guidance' provided to the promoter in order for the

Combined Authority to gather the evidence required to assure value for money and realistic business case proposals. Officers will work with promoters to give additional guidance in order for a proportionate approach to be achieved.

- 2.8 The Section 151/Section 73 Officer is required to write to HM Government by 28 February each year, to certify that the LEP/Combined Authority's Local Assurance Framework is compliant with the national framework.
- 2.9 The Local Assurance Framework has been reviewed by the:
  - Assurance Framework Project Board – 17 December 2021.
  - MCA Board – 07 January 2022.
  - Governance and Audit Committee – 13 January 2022.

#### Next Steps

- 2.10 The Local Assurance Framework will be taken to the LEP Board on 26 January 2022 for review.
- 2.11 The Local Assurance Framework will be taken to the Combined Authority for review and approval on 03 February 2022 with the request to delegate authority to the LEP's Chief Executive (the Managing Director) in consultation with the LEP Chair and the Combined Authority Chair to approve the final Local Assurance Framework, in case that any further changes are needed to be made to the Local Assurance Framework prior to its publication.

### **3 Tackling the Climate Emergency Implications**

- 3.1 Clean growth considerations and references to related activities have been embedded throughout the Local Assurance Framework and related internal governance documents and decision-making procedures. This will strengthen how clean growth and climate change impacts are considered as part of all schemes that come through the Local Assurance Framework.
- 3.2 To fully strengthen decision making across the whole of the Combined Authority's Local Assurance Framework a robust, quantifiable methodology for assessing all new schemes predicted carbon emissions/wider clean growth impacts has been developed.
- 3.3 Clean growth, including climate change, impact assessment / considerations are all now included in all Capital Spending and Project Approvals reports. This ensures that the business cases now reflect the Leeds City Region Climate Emergency priority and evidence that they will contribute to a reduction in carbon emissions (both directly and indirectly).

### **4 Inclusive Growth Implications**

- 4.1 Inclusive Growth considerations have been embedded throughout the Local Assurance framework, internal governance documents and decision-making procedures to strengthen how inclusive growth is considered as part of all schemes that come through Local Assurance Framework.

## **5 Equality and Diversity Implications**

- 5.1 Equality and diversity considerations and implications have been embedded throughout the Local Assurance framework and related internal governance documents and decision-making procedures and are considered as part of all schemes that come through Local Assurance Framework.
- 5.2 The equality and diversity toolkit is being revised and strengthened and once finalised, will be included in the business case templates supporting scheme submissions.
- 5.3 Equality and diversity impacts are required to be included in all project approvals reports which ensures that the business cases evidence their equality and diversity impact (both directly and indirectly).

## **6 Financial Implications**

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

## **7 Legal Implications**

- 7.1 There are no legal implications directly arising from this report.

## **8 Staffing Implications**

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

## **9 External Consultees**

- 9.1 The Department for Business, Energy & Industrial Strategy (BEIS) have been sent the draft Local Assurance Framework 2022 and we are waiting for their feedback.

## **10 Recommendations**

- 10.1 The Corporate Scrutiny Committee is requested to note the report and provide feedback on the draft updated Local Assurance Framework document.

## **11 Background Documents**

- 11.1 [The National Local Growth Assurance Framework](#) (2021)

## **12 Appendices**

Appendix 1 – Assurance Framework 2022



# West Yorkshire Combined Authority

## Assurance Framework

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# 1 Introduction

## 1.1 About the Assurance Framework

This is the joint Assurance Framework for the West Yorkshire Combined Authority (Combined Authority) and the Leeds City Region Enterprise Partnership (the LEP). The Assurance Framework sets out the arrangements that the Combined Authority and the LEP have in place to ensure that public money is managed effectively. It explains how the Combined Authority and the LEP identify, appraise, and evaluate schemes to achieve value for money.

The Assurance Framework covers expenditure on programmes and schemes funded by Government or local sources in the Leeds City Region. This includes funding received by the Combined Authority in respect of the Single Investment Fund (SIF) and as the accountable body for the LEP. Further details on the SIF can be found in section 2.1.

## 1.2 Purpose of the Assurance Framework

The purpose of this Assurance Framework is to ensure that the necessary systems and processes are in place to manage funding effectively, and to ensure the successful delivery of our Strategic Economic Framework (SEF) ambitions<sup>1</sup>. Its focus is to ensure that necessary practices and standards are implemented to provide the Government, Combined Authority, the LEP and local partners with assurance that decisions over funding (and the means by which these decisions are implemented) are proper, transparent and deliver value for money.

This framework also sets out the respective roles and responsibilities of the Combined Authority and the LEP, including how the formal accountability relationship between the Combined Authority and the LEP works.

## 1.3 Updating the Assurance Framework

The Assurance Framework is reviewed and updated on an annual basis and signed off by the Combined Authority, the LEP and the statutory Section 73<sup>2</sup> Chief Finance Officer in line with the requirements of the National Local Growth Assurance Framework (2021). The Assurance Framework also takes into consideration the guidance set out in the Strengthened Local Enterprise Partnerships report (2018) and has been prepared in accordance with guidance issued by the Chartered institute of Public Finance and Accountancy.

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<sup>1</sup> The priorities of the SEF are 1. Boosting productivity, 2. Enabling inclusive growth, 3. Tackling the climate emergency, 4. Delivering 21<sup>st</sup> century transport, 5. Securing money and powers. The SEF will be implemented in April 2021.

<sup>2</sup> Appointed under Section 73 Local Government Act 1985

## 1.4 The Seven Principles of public Life

The Seven Principles of Public Life (the Nolan principles)<sup>3</sup> underpin this Assurance Framework to ensure that the Combined Authority and the LEP, their members and officers, are upholding the highest standards of conduct and ensuring robust stewardship of the resources they have at their disposal.

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<sup>3</sup> These are selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

## 2 About West Yorkshire

### 2.1 West Yorkshire Combined Authority

The West Yorkshire Combined Authority was established in 2014 to bring together local councils and businesses to champion the region's interests nationally and internationally, securing investment from Government and other sources to drive the economy forward, by carrying out economic regeneration and development functions as well as acting as the local transport authority for West Yorkshire.

In March 2020, the West Yorkshire councils and the Combined Authority agreed a “minded to” devolution deal with Government. The deal detailed £1.8bn of Government investment (including £1.14bn over 30 years), to be subject to local influence and decision-making, enabling spend on local priorities, together with a range of new devolved functions. The devolution deal was subject to the Combined Authority adopting the model of a directly elected mayor (the Mayor) over the Combined Area (West Yorkshire), that is becoming a Mayoral Combined Authority.

The Combined Authority has now been established by Order as a Mayoral Combined Authority, with the first election for a Mayor taking place in May 2021. The Mayor is directly elected by the local Government electors in West Yorkshire.

**Appendix 1** to this Assurance Framework sets out which Functions are the responsibility of the Mayor.

A key element agreed in the devolution deal was a “**Single Pot**” approach to funding which consolidates funding lines and reduces ring-fences. This gives the Combined Authority greater control, flexibility and responsibility over funding streams and their outcomes. The new funding will form a **Single Investment Fund (the SIF)**.

The new devolved functions exercised by the Combined Authority as a Mayoral Combined Authority include:

- **Transport-related powers** including in relation to highways, traffic management and permit scheme functions.
- **Adult education and skills functions** thus enabling decision-makers to closer align spending on skills with the opportunities and needs in the local economy in order to engage adults and provide them with the skills needed for entering and sustaining employment, an apprenticeship, traineeship, or other further learning.
- **Housing functions** relating to compulsory purchase, plus provision of housing and land, land acquisition and disposal, and development and regeneration of land.
- **Economic development** – duty to prepare an assessment of economic conditions.

- **Policing and Crime functions<sup>4, 5</sup>.**

## 2.2 Leeds City Region Enterprise Partnership

The Leeds City Region Enterprise Partnership (the LEP) is an autonomous business-led public-private local partnership, which brings together the private and public sectors from across the City Region to:

- Provide strategic leadership.
- Unlock the region's vast potential by enabling businesses to grow and develop.
- Stimulate growth that will create jobs and prosperity for everyone who lives, works and does business in the region.
- Develop strategy and policy aimed at meeting both the current and future needs of the region's economy.
- Deliver schemes that support businesses and accelerate growth.

## 2.3 The West Yorkshire Combined Authority and the LEP

The West Yorkshire Combined Authority (Combined Authority) and the LEP work in partnership to achieve their shared goals. There are several practical ways in which this happens, notably:

- One member of the LEP Board is a member of the Combined Authority.
- The Mayor, as well as chairing the Combined Authority is a member of the LEP Board.
- The Strategic Economic Framework (SEF) details the priorities of both the Combined Authority and LEP (see section 2.5 below).
- West Yorkshire council leaders are members of the Combined Authority and the LEP.
- The Assurance Framework is adopted by both the Combined Authority and the LEP and applies across all programmes and schemes managed by Combined Authority and the LEP.
- The Managing Director of the Combined Authority is also the Chief Executive Officer of the LEP.

## 2.4 Accountability

As a Mayoral Combined Authority, the Combined Authority has a democratic mandate to invest in its local area. The directly elected Mayor provides a single

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<sup>4</sup>The exercise of these functions are subject to separate assurance processes, and do not therefore come under this Assurance Framework.

<sup>5</sup> The Mayor exercises Police and Crime Commissioner functions, but the exercise of those functions is subject to separate assurance processes and do not fall within the scope of this Assurance Framework.

point of accountability for residents and is held responsible for their decisions through the local elections, as well as through the Combined Authority's Overview and Scrutiny Committees.

The Combined Authority is the accountable body for the Single Investment Fund (SIF), which means it is directly accountable to Government for complying with any conditions or requirements attached to funding.

In addition, the Combined Authority is the accountable body for the LEP, responsible for:

- Carrying out finance functions on behalf of the LEP.
- Oversight of the LEP's financial and governance, transparency and accountability arrangements.
- Providing additional support as agreed by the LEP.

**Appendix 2** to this Assurance Framework sets out the specific roles and responsibilities of the Combined Authority as the accountable body for the LEP.

The statutory Section 73<sup>6</sup> Chief Finance Officer of the Combined Authority as the accountable body, is responsible for overseeing the administration of the Combined Authority's financial affairs. This role is extended to include the financial affairs of the LEP.

The Section 73 Chief Finance Officer also has a critical role in maintaining good governance and standards for the LEP, in particular compliance with this Assurance Framework.

**Appendix 3** to this Assurance Framework sets out the responsibility arrangements agreed by the Chair of the LEP and the LEP's Chief Executive Officer with the Section 73 Chief Finance Officer, recognising the role of the Section 73 Chief Finance Officer in relation to instilling good and proportionate LEP governance, including the oversight of the proper administration of the LEP's financial affairs

## 2.5 Geography

The West Yorkshire Combined Authority and LEP cover the same geographical area, namely the districts of Bradford, Calderdale, Kirklees, Leeds, and Wakefield. The Assurance Framework applies across all programmes and schemes managed by the Combined Authority and the LEP, some of which cover a broader geography than these five districts.

The Combined Authority and LEP will continue to explore opportunities for further collaboration with partner councils, including Harrogate Borough Council, Craven District Council, Selby District Council, City of York Council and North Yorkshire

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<sup>6</sup> Section 73 of the Local Government Act requires the Combined Authority to appoint an officer to be responsible for the proper administration of the authority's financial affairs. This role is carried out by the Combined Authority's Director of Corporate Services.

County Council, and across the whole of Yorkshire through the Yorkshire Leaders' Board.

## 2.6 Strategic Economic Framework (SEF)

In September 2020, the Combined Authority and the LEP agreed to formally adopt the SEF as the overarching strategic framework for the region, replacing the Strategic Economic Plan (SEP) in March 2021.

The SEF will guide investment decisions. It has been designed to be flexible and agile, able to contain a range of policies and be easy to amend and expand. It brings together existing and subsequent policies and strategies under a single banner, ensuring greater alignment between our strategies, priorities and vision for the City Region. To allow for greater flexibility in the SEF, it is not a single, published document but is hosted on the Combined Authority's [website](#).

It sets out our vision for West Yorkshire to be “recognised globally as a place with a strong, successful economy where everyone can build great businesses, careers and live supported by a superb environment and world-class infrastructure.”

Five priorities have been set to achieve this:

- **Boosting productivity** - Helping businesses to grow and bringing new investment into the region to drive economic growth and create good jobs.
- **Enabling inclusive growth** - Enabling as many people as possible to contribute to, and benefit from, economic growth in our communities and towns.
- **Tackling the climate emergency** - Growing our economy while cutting emissions and caring for our environment.
- **Delivering 21<sup>st</sup> century transport** - Creating efficient transport infrastructure to connect our communities, making it easier to get to work, do business and connect with each other.
- **Securing money and powers** - Empowering the region by negotiating a devolution deal and successfully bidding for substantial additional funds.

All our policies and strategies work toward meeting at least one of these priorities.

## 2.7 West Yorkshire Investment Strategy

The West Yorkshire Investment Strategy (WYIS) sets out the transformational investments that the Combined Authority will commit resources to, and the process required to make those investment decisions over an agreed investment period. The WYIS, as well as setting out the context, objectives and targets of the Combined Authority derived from the SEF, will also identify the criteria that will be used to select and prioritise schemes:

- Investments with the highest potential contribution to the Combined Authority's targeted objectives and outcomes.
- Selection of schemes must also be driven by those which support inclusive growth, our climate emergency ambitions, drive social value, tackle market failure, maximise value for money and provide different kinds of return to the SIF.
- The SIF should be guided by the funder of last resort principle - demonstrating a clear strategic case for public investment.

The design of the SIF should not mean an equal share across themes or geographies and therefore Places could expect to benefit in different ways and at different times.

The WYIS was approved by the Combined Authority on 24 June 2021.

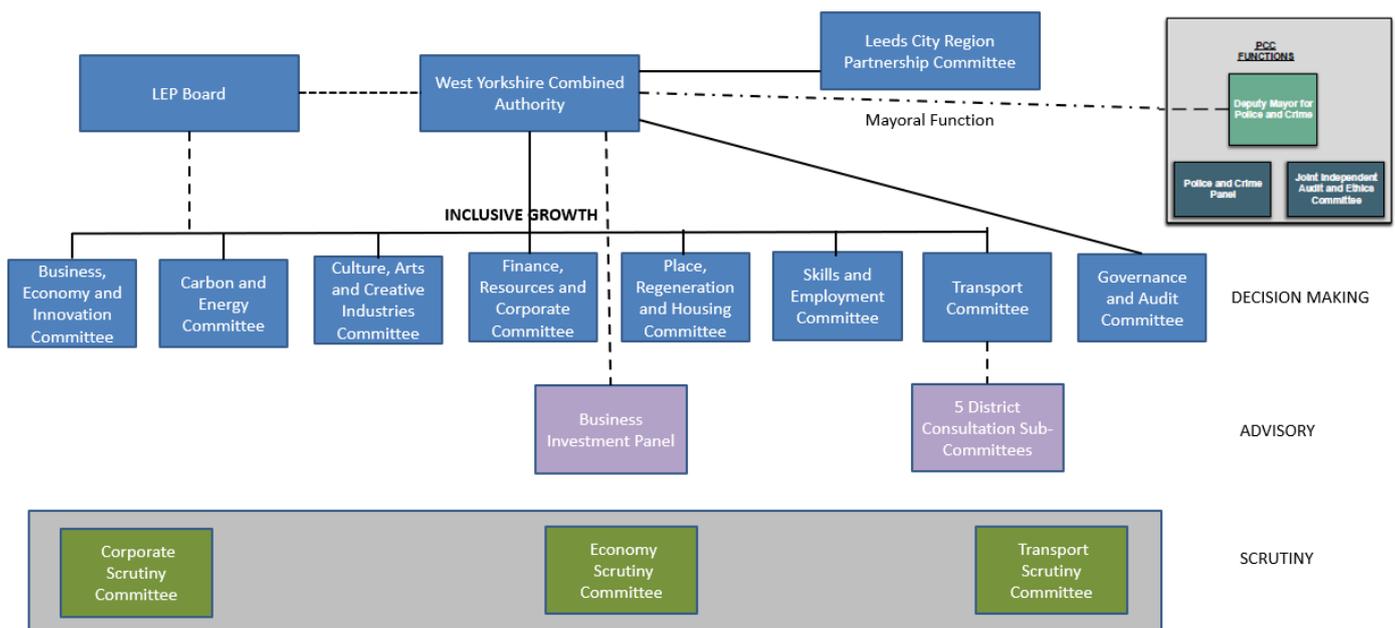
### 3 Governance

The principal decision-making bodies for the Leeds City Region are the Combined Authority and the LEP.

A structure chart of the Combined Authority and the LEP is set out below.

Committees and Panels concerned with the Mayor’s Police and Crime (PCC) Functions are subject to separate assurance processes and do not fall within the scope of this Assurance Framework.

#### Governance structure



#### 3.1 The West Yorkshire Combined Authority

**Appendix 4** sets out the governance arrangements of the Combined Authority, including membership. The Mayor by virtue of their office is a member and the Chair of the Combined Authority.

The Mayor is responsible for carrying out some specific functions (Mayoral Functions). The Combined Authority is responsible for any function of the Combined Authority which is not the responsibility of the Mayor (any Non-Mayoral Function).

Decisions on *Non-Mayoral Functions* may be taken:

- **By the Combined Authority**, (that is, at a meeting of the members of the Combined Authority acting collectively), or
- **By a committee** of the Combined Authority which has delegated authority for the function,
- Under **joint arrangements** with other local authorities, or
- **By an officer** of the Combined Authority under delegated authority.

The Mayor's vote is required in support of any decision taken at a meeting of the Combined Authority about any Non-Mayoral Function which the Combined Authority acquired when it became a Mayoral Combined Authority, that is, further to the devolution deal.

Any decision about a Mayoral Function (that is a function which is the responsibility of the Mayor) must be taken by the Mayor, or by

- The Deputy Mayor,
- Another member of the Combined Authority, under delegated authority from the Mayor, or
- An officer of the Combined Authority under delegated authority from the Mayor.

### 3.2 The LEP Board

The LEP is responsible for setting strategic direction and will hold partners to account in the delivery of the strategic objectives. Responsibility for LEP decision-making rests with its LEP Board<sup>7</sup>, the decision-making forum for the LEP.

The LEP's Constitution can be found [here](#).

**Appendix 4** provides information about the membership arrangements of the LEP Board.

### 3.3 Decision-making committees

In addition to the Combined Authority and the LEP Board, the following committees have decision-making powers:

<b>Transport Committee</b>	<p>The Transport Committee has authority to carry out any Non-Mayoral transport function of the Combined Authority, including progressing schemes under the Assurance Framework within the Integrated Transport Block of the Capital Programme, for which the cumulative total of the financial approval and tolerance threshold is £3million or under. The Committee is permitted to progress those elements of the Mayor's pledges that fall within its remit.</p> <p>The Committee also has a specific role in liaising with the Climate, Energy and Environment Committee and the Place, Regeneration and Housing Committee to secure the decarbonisation of transport infrastructure.</p> <p>The terms of reference, membership of the Committee, the dates of future meetings and agenda items can be found <a href="#">here</a>.</p>
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<sup>7</sup> The LEP Board may delegate decisions in accordance with the LEP's Constitution and the LEP Board's Procedure Rules

<p><b>Culture, Arts and Creative Industries Committee</b></p>	<p>This Committee is authorised to carry out any Non-Mayoral Function of the Combined Authority relating to culture, arts and the creative industries where the cumulative total of the financial approval and tolerance is within the threshold agreed by the Combined Authority.</p> <p>The Committee also has a specific role in liaising with the Place, Regeneration and Housing Committee in relation to infrastructure planning for culture, the arts and creative industries to promote the visitor economy and support heritage schemes.</p> <p>The terms of reference, membership of the Committee, the dates of future meetings and agenda items can be found <a href="#">here</a></p>
<p><b>Place, Regeneration and Housing Committee</b></p>	<p>This Committee carries out any Non-Mayoral Functions which promote quality of place through spatial infrastructure planning for transport, strategic land use and asset management where the cumulative total of the financial approval and tolerance is within the threshold agreed by the Combined Authority. It also carries out the Combined Authority’s role as lead authority for One Public Estate Programme and acts as a Housing and Land Board.</p> <p>The Committee has a role in decarbonisation of infrastructure, planning for sustainable development and flood risk management in liaison with the Climate, Energy and Environment Committee.</p> <p>The terms of reference, membership of the Committee, the dates of future meetings and agenda items can be found <a href="#">here</a>.</p>
<p><b>Climate, Energy and Environment Committee</b></p>	<p>This Committee carries out Non-Mayoral Functions relating to green and blue infrastructure, climate resilience and emission reduction and the development of any regional flood resilience plan where the cumulative total of the financial approval and tolerance is within the threshold agreed by the Combined Authority.</p> <p>The Committee will liaise with Place, Regeneration and Housing Committee and Transport Committee to progress decarbonisation of infrastructure and planning for sustainable development.</p> <p>The terms of reference, membership of the Committee, the dates of future meetings and agenda items can be found <a href="#">here</a>.</p>
<p><b>Employment and Skills Committee</b></p>	<p>This Committee carries out Non-Mayoral Functions relating to employment, skills, and adult education, and serves as the Skills Advisory Panel for the LEP where the cumulative total of the financial approval and tolerance is within the threshold agreed by the Combined Authority.</p>

	<p>It has a specific responsibility to liaise with the Business, Economy and Innovation Committee to ensure good employment, skills and training.</p> <p>The terms of reference, membership of the Committee, the dates of future meetings and agenda items can be found <a href="#">here</a>.</p>
<p><b>Business, Economy and Innovation Committee</b></p>	<p>This Committee is authorised to carry out Non-Mayoral Functions which promote business growth and productivity, provide business support and drive trade and inward investment where the cumulative total of the financial approval and tolerance is within the threshold agreed by the Combined Authority.</p> <p>It is required to liaise with the Employment and Skills Committee to secure good jobs, skills and training and ensure good employment.</p> <p>The terms of reference, membership of the Committee, the dates of future meetings and agenda items can be found <a href="#">here</a>.</p>
<p><b>Finances, Resources and Corporate Committee</b></p>	<p>This Committee is authorised to carry out Non-Mayoral Functions including asset management, human resources and information and communication technology where the cumulative total of the financial approval and tolerance is within the threshold agreed by the Combined Authority. This includes equality, diversity and inclusion, health and safety and issues which fall outside of the terms of reference of any other committee.</p> <p>The terms of reference, membership of the Committee, the dates of future meetings and agenda items can be found <a href="#">here</a>.</p>

### 3.4 Advisory Committees to the Combined Authority and the LEP

The following advisory panels are appointed by the Combined Authority<sup>8</sup> but also advise the LEP.

<p><b>Business Investment Panel</b></p>	<p>This panel has a key role in the assurance process for the appraisal of business grants and loans in the City Region, advising the Combined Authority, a relevant committee, the Managing Director and the LEP in relation to any Non-Mayoral Function relating to economic development loans and grants.</p> <p>The terms of reference, membership, meeting dates, agenda items and minutes of the Panel can be found <a href="#">here</a>. This Panel has representatives from the private sector and local authorities, some of whom are members of the LEP Board.</p>
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### 3.5 Other committees of the Combined Authority

The Combined Authority also has the following committees:

<sup>8</sup> These are advisory committees of the Combined Authority

<b>Overview and Scrutiny Committees:</b>	These are three statutory committees of the Combined Authority which reviews and scrutinises decision-making by the Combined Authority (including in its role as accountable body for the LEP) and the LEP. See below and further section 5.8 and 5.9 for more detail.
<b>Transport Scrutiny Committee</b>	<p>This Overview and Scrutiny Committee is responsible for the scrutiny of any functions relating to transport, or any transport-related function.</p> <p>The terms of reference, membership, meeting dates, agenda items and minutes of the Committee can be found <a href="#">here</a>.</p>
<b>Economy Scrutiny Committee</b>	<p>This Overview and Scrutiny Committee is responsible for the scrutiny of any functions relating to:</p> <ul style="list-style-type: none"> <li>• business, economy, and innovation,</li> <li>• climate, energy, and the environment,</li> <li>• culture, the arts and creative industries,</li> <li>• employment and skills, and</li> <li>• place, regeneration, and housing.</li> </ul> <p>The terms of reference, membership, meeting dates, agenda items and minutes of the Committee can be found <a href="#">here</a>.</p>
<b>Corporate Scrutiny Committee</b>	<p>This Overview and Scrutiny Committee is responsible for the scrutiny of any functions relating to finance, resources, or corporate issues, or, any function that does not fall within the terms of reference of any other Overview and Scrutiny Committee.</p> <p>The terms of reference, membership, meeting dates, agenda items and minutes of this Overview and Scrutiny Committee can be found <a href="#">here</a>.</p>
<b>Governance and Audit Committee</b>	<p>This committee fulfils the Combined Authority's statutory requirement to appoint an audit committee. It also carries out functions relating to promoting standards of conduct. See further section 5.7.</p> <p>The terms of reference, membership, meeting dates, agenda items and minutes of the Committee can be found <a href="#">here</a>.</p>
<b>Leeds City Region Partnership Committee</b>	<p>This committee provides a forum to bring together local authority representatives from all the Leeds City Region authorities, to facilitate direct collective engagement with the Combined Authority, as the LEP's accountable body.</p> <p>The Committee advises the Combined Authority in relation to its role as accountable body. It also acts as a consultative forum on any matter referred to it by the Combined Authority, which may include matters raised by local authorities not represented on the Combined Authority, or by the LEP Board.</p> <p>The terms of reference, membership, meeting dates and agenda items of the Committee can be found <a href="#">here</a>.</p>

### 3.6 Adult Education and Skills

There are separate assurance arrangements in place for administering the adult education and skills functions of the Adult Education Budget (AEB) provided by the Department of Education (DfE). Further detail on the separate arrangements for the AEB are provided in Annex C of the National Local Growth Assurance Framework. The assurance process as set out in section 7 of this Assurance Framework does not therefore apply.

A summary of the arrangements for administering, monitoring and evaluating the AEB is set out in **appendix 7** to this Assurance Framework.

## 4 Decision-making

### 4.1 Investment Decisions

All investment decisions are made by reference to:

- How well they contribute to the strategic priorities as set out in the SEF and the West Yorkshire Investment Strategy (when approved).
- Statutory requirements.
- Any grant conditions attached to funding.
- Local transport objectives.
- Funding programme objectives.

Decisions are based on merit, taking into account all relevant information.

All investment decisions are taken in accordance with the assurance process stages and activities, subject to agreed exceptions (such as bids to Government / re-prioritisation, small grant programmes, adult education functions, where alternative arrangements are in place).

Section 7 of the Assurance Framework sets out in detail the assurance process for schemes, and the **decision points** that take place at the end of each activity.

Any investment decision which has not been delegated (including those decisions where a scheme has fallen outside of the tolerances identified by the Combined Authority) must be taken by the Combined Authority.

The Combined Authority sets a bespoke approval pathway and approval route to be followed for each scheme. This may delegate decisions to any of the Combined Authority's decision-making committees, or to the Managing Director, subject to any scheme staying within agreed tolerances.

Except where otherwise specified in this Assurance Framework all programmes and schemes require **approval from the Combined Authority at Decision Point 2** (Strategic Outline Case (SOC)), in order to proceed to Stage 2 (Scheme Development).

Before taking any funding decision, a decision-maker needs to be satisfied that the Assurance Framework has been complied with. The Combined Authority's Strategic Assessment Prioritisation (SAP) group and the Programme Appraisal Team (PAT) have a key role in ensuring compliance with the Assurance Framework, see Section 7 below.

The specific decision-making authority of the decision making Committees of the Combined Authority are as follows:

#### Transport Committee

The Committee has authority to approve individual schemes within the Integrated Transport Block of the Capital Programme, up to a maximum cost of £3 million. (For schemes over £3 million, approval is given by the Combined Authority).

<b>All other decision making Committees</b>	The thematic Committees have authority to make any decision to progress a scheme <sup>9</sup> under the Assurance Framework <sup>10</sup> in accordance with any bespoke approval pathway and approval route for the scheme <sup>11</sup> , as delegated by the Combined Authority.
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Any investment decision taken by the Managing Director under delegated authority, is usually taken in consultation with the Combined Authority’s Senior Leadership Team. The Managing Director reports delegated decisions to the appropriate decision-making committee as delegated to by the Combined Authority at Decision Point 2.

## 4.2 Business Support Service, Economic Development Loans and Business Grants

There are currently specific arrangements in place in relation to the approval and appraisal of business grants and economic development loans, which are not therefore subject to the assurance process set out in section 7.

<b>Business Support Service</b>	<p>The Business Support Service for the City Region is funded directly from the Department for Business, Energy and Industrial Strategy (BEIS), with £512,500 awarded for 2019/20 and £780k 2020/21 (this includes the Yorkshire and Humber Growth Hubs Cluster Lead role). Additional funding of £1.7m has been secured from the European Regional Development Fund (ERDF) from April 2019 to June 2023.</p> <p>20 SME Growth Managers operate within the City Region’s local authority partner councils (the five WY ones, plus Harrogate and York). 9 Growth Managers are fully funded through ERDF funding and 11 are funded on a 50 / 50 basis with BEIS funding which is matched by the local authorities who also employ them.</p> <p>Detailed progress on the Business Support Service project is reported on a quarterly basis to the Business, Economy &amp; innovation Committee (BEIC), which was formerly known as the Business Innovation and Growth (BIG) Panel and on a 6-weekly basis to the LEP Board by the BEIC Chair (who is the Leader of Kirklees Council). There is also a private sector lead on the BEIC, who is the owner of a small business in West Yorkshire. The BEIC is responsible for reviewing whether the project’s output and expenditure targets are met and for identifying and addressing risks and opportunities. In addition, detailed six-monthly reports</p>
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<sup>9</sup> Including determining change requests

<sup>10</sup> After decision point 2 (SOC) only

<sup>11</sup> With the exception of those cases where the decision would result in a revised financial approval which exceeded the cumulative total of the financial approval and tolerance threshold agreed by the Combined Authority at decision point 2 (SOC), or decision point 3 (OBC) by more than 25%, in which case the decision must be taken by the Combined Authority.

	and quarterly financial claims are sent to BEIS and the Department for Levelling Up Communities and Housing.
<b>Economic Development Loans</b>	<p>Using a framework set out by the LEP, decisions are taken about entering into economic development loans for the Growing Places Fund<sup>12</sup> (and any successor funds to be established), following consideration of the recommendations made by the <b>Finance, Resources and Corporate Committee</b> and the <b>Business Investment Panel</b> (which has public and private sector representatives). The Combined Authority approves schemes and the loan amount in principle and the Managing Director under their delegated authority finalises and approves the details, following appropriate due diligence.</p> <p>If there is an objection or issue in relation to an application, the Managing Director refers the application back to the Combined Authority for further consideration.</p> <p>The Managing Director reports decisions on loans and grants made under delegated authority to subsequent Combined Authority meetings.</p>
<b>Economic Services Grants</b>	Arrangements in relation to economic services grants are set out in Appendix 5.
<b>ESIF Sustainable Urban Development (SUD)</b>	Arrangements relating to the principles for European Structural Investment Fund Sustainable Urban Development (SUD) purposes are set out in Appendix 6.

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<sup>12</sup> Growing Places Fund loans are not currently available, but the LEP and Combined Authority is now reviewing its approach in this area of activity with the intention of launching new products later in 2020/21.

## 5 Transparency and Accountability

The Combined Authority and the LEP are mindful of the need to build the trust and confidence of stakeholders and the public, in relation to the ability to take investment decisions. Promoting transparency in its decision-making is a key part of this. We are committed to keeping records which demonstrate that all legal obligations are met, and all other compliance requirements placed upon us, and these are accessible as set out below.

The Combined Authority designates a statutory Monitoring Officer who is responsible for ensuring that decisions conform to the relevant legislation and regulation<sup>13</sup>. This role is carried out by the Combined Authority's Head of Legal and Governance Services, who is responsible for providing legal advice to the Combined Authority and the LEP. A key part of the Monitoring Officer's role is ensuring that the legal responsibilities of the Combined Authority as accountable body in relation to ensuring the transparency provisions are met, as set out below.

The Monitoring Officer also has a key role in relation to conduct, including maintaining and publishing registers of interest for the Combined Authority and the LEP – see further below.

### 5.1 Publication of Information

For transparency, the Assurance Framework is published on the West Yorkshire Combined Authority and LEP websites, together with supporting information.

The Combined Authority website, which is accessible from the LEP website, contains details of our West Yorkshire Investment Strategy (WYIS), Strategic Economic Framework (SEF) and its underpinning policies and strategies as well as information relating to progress on delivery of all programmes.

An overview of all scheme business cases and evaluation reports are published on the [Combined Authority website](#). These scheme pages also include links to relevant news articles. The Combined Authority is committed to meeting the Government branding guidelines for projects under this Assurance Framework.

Summaries of business cases to be considered by the West Yorkshire and York Investment Committee as part of the assurance process are published electronically ahead of meetings.

### 5.2 Combined Authority Transparency Arrangements

Specific statutory requirements apply to the Combined Authority in relation to transparency. Additionally, the Combined Authority also complies with a number of good practice recommendations. The key arrangements in place are:

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<sup>13</sup> The Monitoring Officer is required by law to formally report to the Combined Authority where it appears to the Monitoring Officer that any proposal, decision or omission of the Combined Authority is unlawful or amounts to maladministration.

- The public's right to attend meetings and inspect documents of the Combined Authority as set out in its Procedure Standing Orders.
- Meetings of the Combined Authority are live streamed, enabling the public to watch the meeting over the internet.
- Agendas and reports of meetings of the Combined Authority and its committees (including advisory panels) are available to the public on its website, five clear days before a meeting [here](#).
- Minutes of meetings are published on the Combined Authority website [here](#).
- Business case summaries of all schemes / programmes coming forward for a decision are published on its website. Summaries of schemes / programmes can be found [here](#).
- Key decisions taken by officers are published on the Combined Authority website [here](#).
- The Combined Authority adheres to the Local Government Transparency Code which requires the publication of additional data.
- The business at each ordinary meeting of the Combined Authority includes receiving the minutes of the LEP for information.

Notice of any proposed key decision is published on the Combined Authority website 28 days in advance of the decision, in accordance with the Access to Information Rules in Part 4 of the Constitution [here](#). This includes any decision taken under the decision points of the assurance process as set out in section 7 of this Assurance Framework.

### 5.3 LEP Transparency Arrangements

The LEP is responsible for setting strategic direction and will hold partners to account in the delivery of the strategic objectives. Responsibility for LEP decision-making rests with its LEP Board<sup>14</sup>.

Key roles and responsibilities of the LEP Board can be found at Appendix 4 setting the strategic direction for the sustainable economic growth of the City Region economy.

- Proposing key objectives and investment priorities to deliver the overall vision and strategy of the LEP.
- Overseeing the continued delivery of the SEP along with the transition to and implementation of the SEF during 2020.
- Leading the development of Enterprise Zones (EZs) in the City Region.
- Agreeing funding criteria, leading and coordinating funding bids and leveraging funding from the private and public sector to support the delivery of agreed LEP priorities.

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<sup>14</sup> The LEP Board may delegate decisions in accordance with the LEP's Constitution and the LEP Board's Procedure Rules

- Working with the Combined Authority to set the forward strategy for attracting new financial and business investment into the area.
- Jointly approving a Business Plan and performance reporting with the Combined Authority on its plans along with the SEP and SEF.
- Influencing key sub-regional, regional, national and international strategies.
- Publishing an annual report.
- Providing a link to Government on all aspects of the LEP's work.

Additional information on the LEP's transparency and accountability arrangements is set out in Appendices 2, 3 and 4.

Agendas, reports and minutes of the LEP Board are published on the [Combined Authority website](#), which is also accessible from the LEP website.

The [LEP Board procedure rules](#) and Access to Information rules in Part 4 of the Constitution set out the details on decision-making including quorum arrangements for meetings of the LEP Board. All meetings of the LEP Board are open to the public (including the LEP's annual meeting), except to the extent that the public are excluded in relation to confidential or exempt information, in accordance with the Procedure Rules and Access to Information Rules<sup>6</sup>.

A process for the LEP Chair to take urgent decisions outside of LEP Board meetings is set out in the [LEP Constitution](#). This provides for any such decisions to be reported to the next meeting of the LEP Board and recorded and published in the minutes of that meeting. This power may be exercised, for example, to approve amendments to the LEP governance documents, in order to comply with government requirements.

The business at each LEP Board meeting also includes receiving the minutes of, or an update from, the Combined Authority and any relevant Combined Authority advisory committee or panel.

#### **5.4 Diversity Statement**

Leeds City Region is committed to achieving diversity and equality of opportunity both as a partnership and as a commissioner of services. The LEP promotes equality of opportunity and does all it can to ensure that no member of the public, service user, contractor or staff member working within a partner organisation will be unlawfully discriminated against.

We aim to integrate diversity and equality into all that we do, and the work that others do on behalf of the Leeds City Region. In practice this means doing what we can to positively promote equality and diversity across the delivery of projects, programmes and services and in relation to our own structure. The Equality and Diversity Policy including Diversity Statement can be found [here](#).

## 5.5 Requests for Information and Data Protection

The Combined Authority is subject to the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 and responds to statutory information requests in accordance with approved procedures.

The Combined Authority also deals with any requests for information from the LEP on its behalf, in accordance with the same procedures. Further information on the Combined Authority's Freedom of Information / Environmental Information Regulations & Transparency Policy can be found [here](#).

The Combined Authority is subject to the General Data Protection Regulation and Data Protection Act 2018 and must by law appoint a Data Protection Officer (DPO). The DPO<sup>15</sup> assists the Combined Authority on the monitoring of compliance with the data protection legislation, advises on data protection obligations, provides advice regarding Data Protection Impact Assessments and is the contact point for data subjects and the supervisory authority.

The Combined Authority and the LEP respect and are committed to compliance with the Data Protection legislation. The privacy notice can be found [here](#).

Requests made by data subjects under the General Data Protection Regulation and Data Protection Act 2018 will be dealt with in accordance with approved procedures.

The Combined Authority's Data Protection and Confidentiality Policy can be found [here](#).

## 5.6 Use of Resources and Accounts

The use of resources by the Combined Authority are subject to the usual local authority checks and balances, including the financial duties and rules which require councils to act prudently in spending. These are overseen by the Combined Authority's Section 73 Chief Finance Officer<sup>16</sup>, its Director of Corporate Services. This post has statutory responsibility to administer the Combined Authority's financial affairs and is responsible for ensuring that funding is used legally and appropriately. The Section 73 Chief Finance Officer's role extends to the LEP - see further Section 2.4 above and Appendix 3. All reports to the LEP Board must include any written advice on the matter provided by the Combined Authority's Section 73 Chief Finance Officer and Monitoring Officer.

The Combined Authority has clear accounting processes in place to ensure that all funding sources are accounted for separately and that funds can only be used in accordance with formal approvals made under the Combined Authority and LEP decision-making arrangements.

The Combined Authority has a statutory duty to keep adequate accounting records and prepare a statement of accounts in respect of each financial year. This statement of accounts is published [here](#) usually in June in draft and in July as fully

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<sup>15</sup> The DPO sits within the Combined Authority's Legal and Governance Services team

<sup>16</sup> Appointed under Section 73 of the Local Government Act 1985

audited, although this may change in accordance with legislative requirements. The statement will cover expenditure funded from the Single Investment Fund and other funding sources, including those received from Government. A separate financial statement for LEP expenditure is published annually in line with the timeframe for the statement of accounts.

The Combined Authority publish a public notice each year, setting out a specific period during which any person may inspect and make copies of the Combined Authority's accounting records for the financial year.

During the same period, the external auditor must give a local Government elector (someone registered to vote in the local elections) within West Yorkshire (or their representative) an opportunity to question the external auditor about the accounting records, and objections may be made to the external auditor about any relevant item.

## 5.7 Audit

The Combined Authority complies with statutory requirements relating to audit arrangements, principal elements of which are:

- Appointing an **audit committee**
- Inspection by **external auditors**
- Adopting **internal audit arrangements**

These audit arrangements apply to the LEP and to LEP funding in respect of which the Combined Authority is the accountable body.

The Combined Authority's Governance and Audit Committee fulfils the requirement to appoint an **audit committee**. By law this must include at least one independent person. The membership now includes two independent persons and one of these has been appointed to chair the Committee in the current municipal year.

The terms of reference, membership, meeting dates, agenda items and minutes of the Committee can be found [here](#).

An annual independent audit is conducted by **externally appointed auditors** ensuring the Combined Authority operates a robust financial management and reporting framework, including in relation to the LEP.

The Combined Authority's **internal audit** function carries out independent and objective appraisals of relevant systems and processes, including ensuring that effective procedures are in place to investigate promptly any alleged fraud or irregularity. The Combined Authority's internal auditors provide assurances to the Combined Authority (through its Governance and Audit Committee, the Section 73 Chief Finance Officer) and to the LEP.

The Combined Authority's financial regulations set out further detail in relation to the Combined Authority's audit arrangements (found [here](#)).

## 5.8 Scrutiny

To secure independent and external scrutiny of decisions, the Combined Authority's statutory Overview and Scrutiny Committees (Corporate, Economy and Transport) review and scrutinise decision-making by the Combined Authority (including decisions taken by the Mayor) and by the LEP.

No member of the Combined Authority or the LEP may be appointed to any Overview and Scrutiny Committee. The terms of reference, membership, meeting dates, agenda items and minutes of the Committees can be found [here](#).

The Committees operate in accordance with Scrutiny Standing Orders, which can be found [here](#). These provide for the Committees to require any member of the Combined Authority (including the Mayor, the LEP Member or a Chair of any committee or Panel) to attend to answer questions or provide information.

The Combined Authority and the LEP receive an annual report from the Committees at their annual meetings.

### **Scrutiny of investment decisions**

The pre-decision scrutiny review process serves as an important function in parallel to the assurance process.

With the exception of any decision which the decision-maker has resolved is urgent, the Overview and Scrutiny Committee may "call in" decisions for further scrutiny, including investment decisions which are taken:

- By the Combined Authority, or
- By the decision making Committees, or
- By an officer, where the decision is a key decision.

The Committee may direct that any such decision should not be implemented until the Committee has reviewed it and made recommendations to the decision-maker.

### **Scrutiny of the LEP**

The Committees may produce independent reports and make recommendations on any matter considered by the LEP or relating to LEP governance. It may also review or scrutinise any Combined Authority decision in its role as accountable body for the LEP.

The LEP may also seek input from any of the three Committees on any issue relating to policy and strategy development, or otherwise.

Further details on the LEP's agreement with the Combined Authority (in its role as Accountable Body) in respect of scrutiny arrangements are set out in Appendix 2.

## 5.9 Code of Conduct

Statutory provisions require the Combined Authority to adopt a Members' Code of Conduct which applies to members of the Combined Authority, including the Mayor, and to voting members of committees and panels appointed by the Combined Authority, including the advisory panels which report to the LEP. The Code sets out the conduct expected of members, including procedures for declaring and registering:

- Acceptance or receipt of a gift or hospitality.
- Disclosable pecuniary interests, which are defined by the code.

The Code is publicly available [here](#).

Failing to comply with requirements for registering and disclosing pecuniary interests may be a criminal offence.

Members' interests are publicly available on the Combined Authority website through each of the Committee home pages [here](#).

The Combined Authority has also approved arrangements under which allegations that the Code has been breached can be investigated and for making decisions on such allegations. These can be found [here](#).

The LEP is committed to ensuring that LEP Board members and officers demonstrate the highest standards of conduct, and act solely in the public interest.

All LEP Board members are subject to a LEP Board Members' Code of Conduct here which reflects the Nolan Principles of public life.

The LEP Board Code of Conduct also requires LEP Board members to declare and register:

- Acceptance or receipt of an offer of a gift or hospitality.
- Specific pecuniary and non-pecuniary interests.

A register of the interests disclosed by each LEP Board member is accessible from the [LEP website](#) and published on the [Combined Authority website](#), as is the Register of gifts and hospitality for LEP Board members. The Code sets out comprehensive requirements in relation to declaring interests at meetings, and the circumstances in which a conflict of interest will preclude a LEP Board member from participating in decision-making.

At the beginning of each meeting, all members present are asked to declare any potential conflict of interest. These declarations are minuted.

The LEP has also approved arrangements under which allegations that the Code of Conduct has been breached can be investigated and for making decisions on such allegations. These can be found [here](#).

## 5.10 Conflict of Interest

The Combined Authority and the LEP have adopted a Conflicts of Interest Policy which provides an overview of how conflicts of interest are managed. Appended to the Policy is a Conflicts of Interest Protocol: loans or grants to businesses which sets out a process which the Combined Authority and the LEP follow to demonstrate that applications from businesses for loans or grants are dealt with in an impartial, fair and transparent way [here](#).

## **Officers**

Combined Authority officers serve both the Combined Authority and the LEP. Officers must comply with the Combined Authority's Code of Conduct for Officers, which also reflects the Nolan Principles of public life and requires officers to register personal and prejudicial interests. Officers also need to comply with a Gifts and Hospitality policy. Failure to comply with the Code may lead to disciplinary action.

Senior officers and other officers involved in advising on LEP decisions are also required to complete and keep under review a separate LEP Officer register of interests. The register of the LEP's Chief Executive Officer is published on the LEP website [here](#).

### **5.11 Complaints Policy**

The Combined Authority will consider any complaints received in accordance with its agreed complaints procedure, which can be found [here](#).

Any complaints about the LEP will be dealt with in accordance with the approved complaints process. The LEP has adopted a confidential complaints procedure, which can be found [here](#).

### **5.12 Whistleblowing Policy**

The Combined Authority has adopted a whistleblowing policy, which can be found [here](#) to investigate and resolve any case where it is alleged by stakeholders, members of the public or internal whistle-blowers that the Combined Authority is acting in breach of the law, failing to adhere to the framework or failing to safeguard public funds. The LEP has adopted a whistleblowing policy, which can be found [here](#).

### **5.13 Resources and Capabilities**

The Combined Authority and the LEP ensure that members and officers have the capacity and capability to deliver their respective roles. They support people to develop their expertise and update it to take account of developments.

The Combined Authority has the necessary staff resource with the necessary key functions to enable it to:

- Manage the process, including supporting business case development.
- Carry out programme and project appraisal.

- Co-ordinate and manage the decision process (e.g. time of meetings and associated paperwork).
- Oversee the delivery, monitoring and evaluation of schemes (e.g. benefits realisation management, financial and resource management, risk).

The Combined Authority draws on external expertise and technical support such as financial, economic, property, legal and evaluation advice, for example through consultancy frameworks or from partner organisations including Homes England, local authorities, Skills Funding Agency, and others

## 6 Local Engagement and Partnership Working

### 6.1 Local Engagement

Engagement with stakeholders and the wider public is regarded as a central part of the process to develop, monitor and implement strategies, funding programmes and all other aspects of the work of the Combined Authority and the LEP.

To support this process, a set of consultation and engagement protocols have been developed and the Consultation and Engagement team work with colleagues to ensure these principles are applied in any consultation and engagement activities that are undertaken. As well as carrying out insightful and robust consultation and engagement activities, relevant legislation must be adhered to. Partners are encouraged to adhere to these protocols where possible.

Engagement with stakeholders and the wider public is as inclusive as possible, using the following principles:

- Stakeholders and members of the public are aware of the approach to consultation and activities.
- Stakeholders and members of the public are able to have their say on proposals when they are still at a formative stage.
- Consultation is open, transparent and accessible.
- The consultation process is well planned, managed and coordinated and achieves value for money.
- Consultation is effective, meaningful and of a consistently high quality.
- Consultation feedback is properly considered, and outcomes are reported in a timely way.

To support any face-to-face engagement, a digital engagement hub ([yourvoice](#)) has been developed that enables information to be shared and feedback sourced electronically in a more interactive way.

Stakeholders are engaged in all work that the LEP and Combined Authority undertake. Regular updates are provided to existing panels and committees such as the District consultation sub committees.

As part of the LEP's work with business, a Business Communications Group (BCG) has been established, made up of representatives from key business organisations in the City Region. This group reports to the LEP Board. The group plays an active role in supporting business growth in the region by helping to coordinate effective communications between the LEP and the business community. The group also acts as an advisory group to the LEP Board; consulting with their members on barriers to growth and ensuring businesses are at the heart of all activities.

The Chair of BCG is the identified LEP Board member to represent the SME business community.

A Partnership Strategy has been developed and engagement and communication with partners takes place through a range of channels, including social media, press releases, websites, events and e-newsletters. Social media has been used particularly effectively for informal engagement on policy, future strategy and project development.

New methods to engage with key stakeholders, businesses and the public are continually sought, and effectiveness and lessons learnt are monitored.

## **6.2 Arrangements for Collaborative Cross-LEP Working**

The LEP is committed to collaborating across boundaries, where interests are aligned when developing strategies and interventions to maximise their impact across their different objectives. This helps to ensure a more efficient use of resources and secure a better outcome than operating in isolation.

The LEP collaborates with other neighbouring LEPs on many areas of its businesses and details about these collaborations, and further potential opportunities, are regularly reported to the LEP Board. The LEP is committed to working with the LEP Network.

## 7 Assurance Around Programme and Project Delivery

### Leeds City Region Assurance Process

#### 7.1 Overview

This section sets out how the assurance process is used in the development and delivery of all project and programme investments. The assurance process will be applied to the assessment of schemes and programmes that flow through Combined Authority and the LEP, drawing on current national guidance (e.g. HM Treasury Green Book, DfT TAG and MHCLG Appraisal Guidance).

The assurance process (set out below) has three stages; Stage 1: Assessment and Sequencing, Stage 2: Scheme Development, Stage 3: Delivery and Evaluation. It provides a practical ‘step-by-step’ framework to aid the development of business cases, to ensure successful delivery and to enable monitoring and evaluation. The assurance process is transparent and proportionate and offers a structured process for appraising, developing, planning, delivering and evaluation that is in line with HM Treasury guidance to deliver best public value.

The assurance process is used by the following:

- **Scheme promoters:** it provides a pathway to allow promoters to develop proposals in a way that will ensure their schemes have a robust business case, show value for money and show that they address the Combined Authority’s investment priorities.
- **Decision-makers:** it is a framework to provide the information they need to take investment decisions and to prioritise between different proposals in a clear and transparent manner.
- **Partners and the wider public:** to give confidence that there is a clear and transparent framework to appraise and prioritise schemes and to take investment decisions.

Under each stage outlined there are a series of activities (7 in total) that need to be carried out in order to progress each scheme. Whilst there are seven possible activities, not all would apply to all schemes and the process and intensity of appraisal applied can be tailored for each scheme depending on its type, scale and complexity, with the appropriate activities applied (e.g. not all schemes will be required to complete an outline business case (decision point 3); they could proceed straight to full business case (FBC), (decision point 4).

At the end of each activity, a scheme is required to go through a decision point (DP1 to DP6) or reporting point (DP7). It is here where a scheme is appraised using the HM Treasury ‘five cases model’<sup>17</sup>. As such, scheme sponsors must demonstrate that a robust, accurate and compelling business case exists at each stage of the process (subject to the assurance pathway and approval route as recommended by the Combined Authority’s Programme Appraisal Team (PAT)).

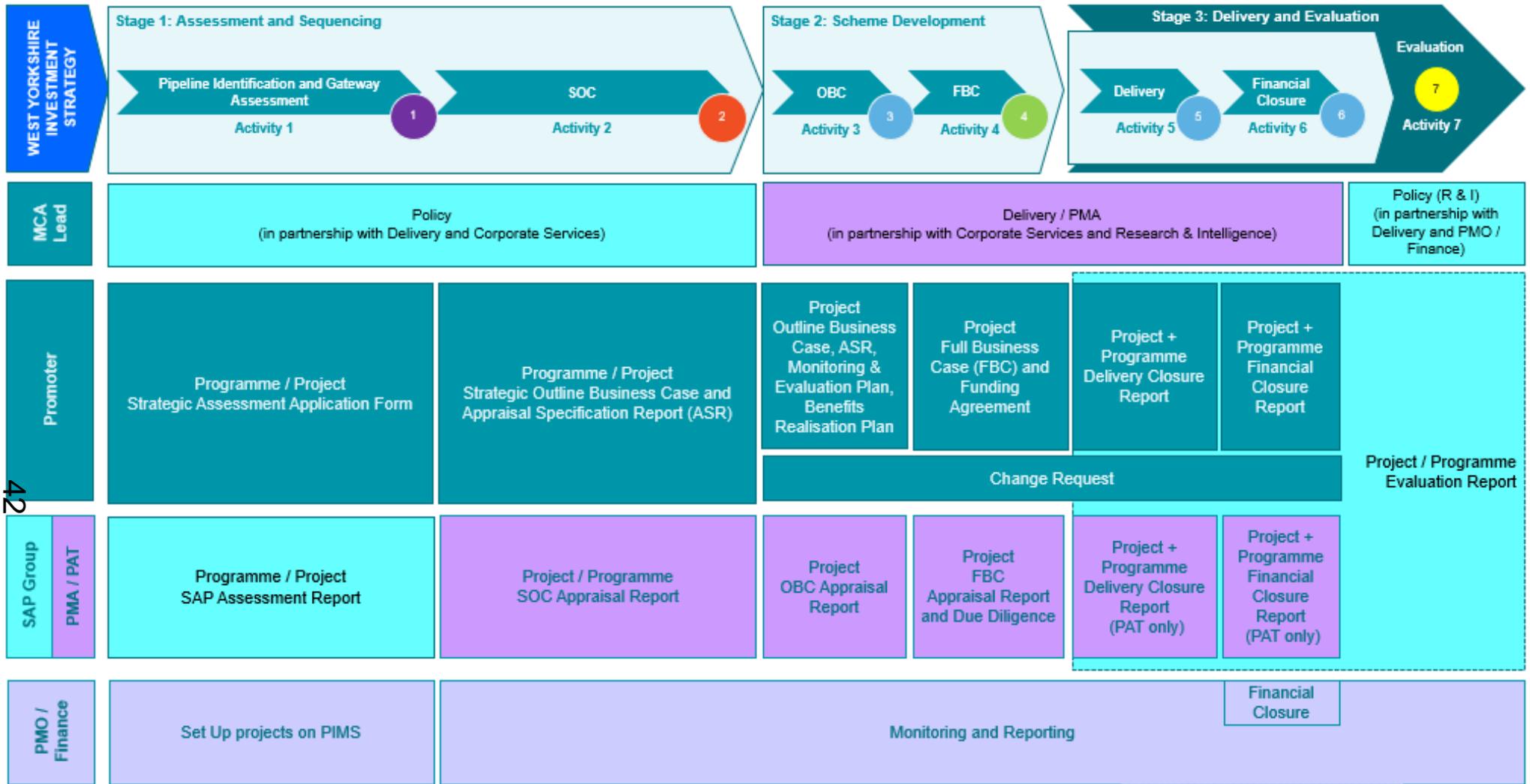
Subject to the exceptions, such as small grant programmes, for example, business growth grants and loans, where alternative arrangements are in place, all

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<sup>17</sup> The HM Treasury “five cases model” includes the Strategic, Commercial, Economic, Financial and Management cases.

programmes and schemes require approval from the Combined Authority at Decision Point 2 (Strategic Outline Case (SOC)), in order to proceed to Stage 2: Scheme Development. It is at decision point 2 where the Combined Authority approve the indicative funding, approval pathway and route and tolerance levels.

Development funding for development of the next stage / activity can be approved at any decision point.



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KEY: ● Key Decision Point (CA Approval Required) ● Key Decision Point (IC/CA Approval may be required) ● Decision Point (IC/CA Approval may be required) ● Decision Point ● Reporting Point

## 7.2 Stage 1: Assessment and Sequencing

### Criteria for prioritisation

As set out in section 2 above, the aim of the Strategic Economic Framework (SEF) is to form the new overarching economic framework for the region, building on the successes of the Strategic Economic Plan (SEP). It sets out the vision for the region and our priorities for achieving this.

The West Yorkshire Investment Strategy (WYIS) will provide a vehicle for translation of the Combined Authority's SEF objectives, Recovery Plans, the Mayor's manifesto commitments and the City Region's devolution agreements in to funding and operating priorities that deliver the wider strategic aims of the Combined Authority, thus providing a sound basis for taking investment decisions. Partners will be able to apply for funding clearly aligned to our investment priorities.

The WYIS will be reviewed annually to take account of changing economic circumstances, updates to the SEF, what is working well and what is not, and new funding and investment opportunities which set out the focus for our investments as well as align with the Assurance Framework annual review.

### Activity 1: Pipeline Identification and Gateway Assessment:

Programmes / schemes will start to be developed through an ongoing dialogue with the Region's businesses, third sector and public organisations, in line with the WYIS. It will also ensure stakeholders are informed about the availability of funding the WYIS objectives, allow them to identify, develop and co-design project/programme opportunities from an early stage and apply for funding clearly aligned to our investment priorities. The LEP is expected to play an important role in identifying sector led opportunities.

Other avenues for potential schemes to access funding opportunities could be through either a commissioning process or through open calls with specified deadlines for submissions. Any commissioning or open calls will aim to address specific gaps to help the Combined Authority achieve its overall economic ambitions.

Programmes / schemes will be assessed on a case-by-case basis by the Strategic Assessment Prioritisation Group (SAP) to determine if they are eligible to proceed, through an early-stage gateway check and challenge review. The role of SAP is explained below in section 7. If programmes / schemes are eligible, they will be awarded '*approved development status*' (Decision Point 1) and will then progress to Strategic Outline Case (SOC) as part of the assurance process (Activity 2).

Programmes / schemes at this stage will be provided with feedback and can be rejected or deferred until further supporting information is provided. This is carried out by assessing strategic fit against the WYIS. The SAP Group will recommend a Strategic Assessment (SA) decision notification for approval by the Managing Director (or by an officer under sub-delegated authority from the Managing Director) (Decision Point 1).

The City Region's carbon emission reduction target was set in July 2019. This target commits the region to be net-zero carbon by 2038, with significant progress by 2030. Therefore, the vast majority of schemes funded by the Authority will be expected to contribute to this commitment. The Combined Authority has developed an approach

to carbon appraisal which forms an integral part of the Assurance Framework and features in all stages of business case development from SA through to FBC.

### **Activity 2: Strategic Outline Business Case (SOC):**

Eligible programmes / schemes will, once awarded approved development status at Decision Point 1, submit a SOC whereby a full appraisal will be undertaken. At SOC scheme promoters will be expected to set out their proposed approach to establishing value for money (VfM) at a programme / scheme level for review by the Combined Authority before commencing to the next stage of the assurance process. For transport scheme, promoters will be required to submit an Appraisal Specification Report (ASR).

The SOC will be appraised by the Combined Authority's Portfolio Management and Appraisal Team and / or Research & Intelligence Team and a recommendation presented to the Programme Appraisal Team (PAT) for progression of the scheme.

The programme / project will then be presented for recommendation by the Programme Appraisal Team (PAT) for approval by the Investment Committee and Combined Authority.

It is at the end of this stage where the Combined Authority approve the indicative funding, approval pathway and route and tolerance levels (Decision Point 2).

### **7.3 Stage 2: Scheme Development**

Once a programme / scheme has gained SOC approval from the Combined Authority, the scheme will then be required to submit an Outline Business Case (OBC), unless the approval pathway set at decision point 2 does not require this. The OBC should revisit the options identified within the SOC to identify the option which optimises public value, confirm the affordability of the scheme and put in place the arrangements to ensure successful delivery.

The OBC should be prepared in accordance with the Green Book five-case model and should include a draft Monitoring and Evaluation Plan and a Benefit Realisation Plan. The Economic Case must be developed in consistency with the agreed ASR.

Guidance will be provided to scheme promoters around the level of detail to be submitted at this stage with regards to proportionality of the business case.

The OBC will be appraised by the Combined Authority's Portfolio Management and Appraisal Team and a recommendation presented to the Programme Appraisal Team (PAT) for progression of the scheme. The role of PAT is explained below in section 7. The programme / project will then be presented for recommendation by the Programme Appraisal Team (PAT) for approval by the decision-maker (Decision Point 3) as set out in the approval pathway and route approved at Decision Point 2.

The Full Business Case (FBC) confirms the contractual arrangements for the preferred option. Affordability of the scheme is reiterated, and the scheme puts in place the final arrangements for delivery and monitoring and evaluation of the scheme. A Monitoring and Evaluation Plan and a Benefit Realisation Plan are mandatory products at this stage. The FBC should also be prepared in accordance with the five-case model and any conditions set at SOC or / and at OBC should be resolved within the FBC submission. If conditions have not been met, the scheme

may be required to return to Activity 3 (OBC). The Economic Case must be developed in consistency with the agreed ASR.

The FBC will be appraised by the Combined Authority's Portfolio Management and Appraisal Team and a recommendation presented to the Programme Appraisal Team (PAT) for progression of the scheme. The programme / project will then be presented for recommendation by the Programme Appraisal Team (PAT) for approval by the decision-maker (Decision Point 4) as set out in the approval pathway and route approved at Decision Point 2.

The FBC approval will be granted with a condition that the scheme remains within set tolerances. Where this condition has been met approval to proceed into Delivery (activity 5) will be granted by the Managing Director (or by an officer under sub-delegated authority from the Managing Director) following a recommendation from the Programme Appraisal Team (PAT). If the condition is not met, the project will be required to re-submit the FBC.

#### **7.4 Stage 3: Delivery and Evaluation**

Once a programme / scheme gains FBC approval and the conditions set have been met, the scheme can progress into Activity 5 (Delivery).

Upon scheme completion, a Delivery Closure Report is required that details how the scheme has performed. This includes whether delivery has remained within the timeframes specified within the business case, has achieved the objectives of the scheme and associated outputs, documents what has been delivered and highlights the overall costs.

The Delivery Closure Report will be appraised by the Programme Appraisal Team (PAT) for progression of the scheme. The programme / project will then be presented for recommendation by the Programme Appraisal Team (PAT) for approval by the decision-maker (Decision Point 5) as set out in the approval pathway and route approved at Decision Point 2.

Following completion of Activity 6, the scheme will be required to submit a Financial Closure Report (Activity 6). The Financial Closure Report confirms the final costs for the scheme, ensuring all payments have been completed.

The Financial Closure Report will be appraised by the Programme Appraisal Team (PAT) for closure of the scheme. The programme / project will then be presented for recommendation by the Programme Appraisal Team (PAT) for approval by the decision-maker (Decision Point 6) as set out in the approval pathway and route approved at Decision Point 2.

The purpose of the Delivery and Financial Closure Reports is to assess the success of the scheme, identify best practice for future schemes, resolve all open issues and to capture feedback and lessons learnt to inform the development and delivery of future schemes.

Activity 7 (Evaluation) will be managed by the Combined Authority's Research & Intelligence team. This is a reporting point as opposed to the previous decision points in the process and will be undertaken when the Programme (or project in some circumstances), is completed for an evaluation of the benefits, outcomes and economic impact compared to the overall programme objectives set out in the SOC. Insights and learning intelligence from evaluation will also be fed back into policy and

strategy in order to inform the design and development of future programmes and schemes. Interim evaluations may also be undertaken as required as set out in the Monitoring and Evaluation Plan.

## 7.5 Change Requests

During any Stage / Activity, if a scheme requires additional funding, an increase in timescale or changes in scope, a change request is required to be submitted for the scheme to be re-appraised to ensure value for money is still being achieved.

Change requests will be appraised by the Combined Authority's Portfolio Management and Appraisal Team and a recommendation presented to the Programme Appraisal Team (PAT) for progression of the scheme. The change request will then be presented for recommendation by the Programme Appraisal Team (PAT) for approval by the decision-maker, dependent upon the tolerances set out at Decision Point 2.

## Appraisal

### 7.6 Who will undertake the appraisal of schemes?

#### **The Combined Authority appraisal function**

Each programme / scheme will be assigned a lead appraiser, who will be responsible for carrying out the objective appraisal of the business case. This may be done using expertise from the Combined Authority's Portfolio Management and Appraisal Team and / or Research & Intelligence Team, or where necessary bringing together expertise from within the Combined Authority or from external advisors and partners. This may cover financial, transport, economic, property, legal matters, and experience of the relevant priority areas of the SEP.

After the lead appraiser's appraisal, Business Cases and Change Requests will be further appraised by the Programme Appraisal Team (PAT) or the Strategic Assessment Prioritisation Group (SAP). The programme / scheme will then be presented to the decision-maker as set out in the approval pathway and route approved at Decision Point 2.

There will be a clear separation between the appraisal function and the project sponsor / promoter. This means that staff carrying out appraisal will not be involved in advising on project and business case development activity. As part of the appraisal process, scheme promoters will be engaged to review any key issues arising from the ongoing appraisal as appropriate.

The Combined Authority appraisal function, the SAP group and Programme Appraisal Team (PAT) scrutinise, and quality assure the process to ensure that the work undertaken is independent of the authority promoting the scheme.

#### **Strategic Assessment Prioritisation Group (SAP)**

The SAP is responsible for undertaking the assessment of potential schemes, for alignment and contribution to the policies and strategies of the Combined Authority, through the Strategic Assessment form that is submitted to the Combined Authority, at activity 1. The assessment will focus on how;

- A project / programme will address the key problem which a project / programme is seeking to address (and hence the reasons why the public sector should intervene and fund).
- Clarity and robustness of a schemes design - through a clearly designed logic chain – where the relationship between need and problem is clearly linked to outputs, impacts and outcomes much earlier in the design process.
- Manage the potential project development costs required.
- Establish and share potential innovation / collaboration opportunities with respective applicants. Any local best practice and knowledge sharing that can be used to enhance the proposal.

The SAP provide evidence and recommendations to the Director of Delivery and the Director, Strategy Communications and Policing on a decision for every Strategic Assessment submitted, for approval. The SAP agree any conditions that are required as part of a project / programme progressing through activity 1, and which, subject to approval, will form part of the Strategic Assessment certificate.

The SAP consists of a core membership representing Combined Authority policy, strategy and communications, finance, delivery and PMA functions. Attendance at SAP meetings is supplemented by appraisers, independent technical advisers, promoters and their advisors, and other attendees as required to supplement the decision-making process. Other officers may be invited onto the group, including relevant Policy Managers, depending upon the Strategic Assessment that is due to be submitted.

The SAP is an internal assurance group and has no formal approval making powers. The SAP make recommendations, which are then reported through the Combined Authority's governance arrangements for a formal decision.

### **Programme Appraisal Team (PAT)**

The Programme Appraisal Team (PAT) is comprised of West Yorkshire Combined Authority officers who oversee the assurance process as schemes / programmes progress through it.

The PAT consists of a core membership representing Combined Authority programme delivery, PMA, policy, economic, legal, and financial functions. Attendance at PAT meetings is supplemented by case officers, independent technical advisers, promoters and their advisors, and other attendees as required to supplement the decision-making process.

The PAT is an internal officer assurance group and has no formal approval making powers. The PAT make recommendations, which are then reported through the current Combined Authority governance arrangements for a formal decision.

## **7.7 Who will approve schemes?**

At Decision Point 1 the Combined Authority's Managing Director (or by an officer under sub-delegated authority from the Managing Director) approves 'approved development status' and where required can approve development funding for SOC production.

At Decision Point 2 (SOC) the Combined Authority approve the indicative funding, approval pathway and route, tolerance levels and development funding for future stages.

At Decision Point 3 and 4 the decision-maker (as set out in the approval pathway and route approved at Decision Point 2) approves indicative funding, approval pathway and route, tolerance levels and development funding for future stages.

The FBC approval will be granted with a condition that the scheme remains within set tolerances. Where this condition has been met approval to proceed into Delivery (activity 5) will be granted by the Managing Director (or by an officer under sub-delegated authority from the Managing Director)). If the condition is not met, the project will be required to re-submit the FBC.

At Decision Point 5 and 6 the decision-maker (as set out in the approval pathway and route approved at Decision Point 2) approves the Delivery Closure (DP5) and Financial Closure (DP6). The decision-maker for Change requests is dependent upon the tolerances set out at Decision Point 2.

## **7.8 Appraisal proportionality**

The Combined Authority will use national guidance for scheme appraisal; HM Treasury's Green Book, including supplementary and departmental guidance, such as the Department for Transport's (DfT) TAG and MHCLG's Appraisal Guidance where appropriate.

The Combined Authority may also use local methodologies for this purpose with decision-makers determining the most appropriate for each scheme appraisal.

The Combined Authority's approach for Value for Money Assessment is dynamic; as advances in techniques becomes clear this will be incorporated in its methodology and provided as supplementary guidance for promoters to that of the HM Treasury Green Book.

It is important to note the Combined Authority's climate change aspirations. As of 2021 the Authorities methodology for carbon assessment forms part of the appraisal process, a proportionate approach will be utilised, and guidance will be given on a scheme by scheme basis on the level of requirement.

The assurance process adopts a proportionate approach based on an assessment of risk, cost, novelty and deliverability. For example, a low cost, low risk scheme may proceed from Activity 2 to Activity 4 with a simplified business case template requirement for evidencing value for money.

The Authority uses a variety of templates with 'How to Guidance' provided to the promoter in order for the authority to gather the evidence required to assure value for money and realistic business case proposals. Officers will work with promoters to give additional guidance in order for a proportionate approach to be achieved.

## 7.9 Methodology to assess Value for Money (VfM)

The range of toolkits (HMT Green Book, DfT TAG, MHCLG Appraisal Guidance etc) are used to demonstrate the economic, social and environmental benefits and cost over an appropriate appraisal period in order to assess the VfM of a scheme. In line with recognised VfM guidance, the assessment will consider:

- **Economy:** Minimising the cost of resources used.
- **Efficiency:** The relationship between the output from goods or services and the resources to produce them.
- **Effectiveness:** The relationship between the intended and actual results of public spending (outcomes and meeting objectives).
- As set out in the LEP National Local Growth Assurance Framework guidance, the methodology used to assess VfM will be in line with the established guidance prescribed by the relevant Government department:

### Compliance with Department for Transport's TAG guidance

All transport schemes will be subjected to the minimum requirements on modelling and appraisal in developing a Value for Money (VfM) statement, as set out in the National Assurance Framework Guidance (LEP and Single Pot). This includes using the definitive version of the National Trip End Model (NTEM) (DfT's planning dataset) in forecasting the Central Case scenario. This essentially means that although the local development dataset, as supplied by the local planning authorities, will be used the total future demand will be constrained to NTEM at a suitable geographic level. However, the Combined Authority will also advise promoters to develop a range of sensitivity scenarios based on alternative planning assumptions to present to decision-makers on how the scheme's VfM performs under different future conditions.

The modelling and appraisal work will be independently scrutinised to ensure it has been developed in accordance with TAG, is robust, and is fit for purpose. A review panel made up of the senior officers of the Combined Authority, referred to as the Programme Appraisal Team (PAT), will be used, so that appropriate and independent recommendations can be provided to decision-makers. Responsibility for quality assurance of the assessment and scrutiny will rest with the Combined Authority's Head of Portfolio Management and Appraisal (PMA).

In-line with TAG, the promoter will not carry out any modelling and appraisal work for any activity in Stage 2 prior to Appraisal Specification Report agreement with the Combined Authority's assigned officer. All evidence supplied as part of economic case in all activities in Stage 2 will be appraised against the methodology set out in the agreed ASR. An Appraisal Summary Table (AST) and VfM Statement will be produced by following TAG and DfT's VfM guidance.

The Economic Appraiser will provide an assessment on the VfM Statement for decision-makers, summarising as part of the appraisal. The conclusions from VfM assessment will take into consideration whether benefits outweigh the

costs whilst identifying key risks and sensitivities that may affect the VfM conclusion. The experts will also set out what level of Analytical Assurance PAT and decision makers may attach to the VfM position based on quality of work, uncertainty in appraisal and risks.

Preference will be given to schemes which offers at least 'High Value for Money', accounting for significant non-monetised impacts and key uncertainties. The justification for a recommendation for a project to proceed with a Value for Money less than 'High' will be set out in the reports seeking approval from the relevant decision-makers.

In line with the recently revised Green Book, in assessing value for money, a stronger emphasis may be placed on the strategic case and how the strategic objectives and priorities of the Combined Authority will be met through the delivery of the project. This might for example include, but not limited to, supporting the climate change and good growth agenda (the Combined Authority aims to achieve net-zero by 2038), supporting an increase in active mode and public transport use and / or supporting / accelerating housing development. The specific approach will be determined on a programme by programme basis as funding and investment streams come forward.

To establish Value for Money the Combined Authority follows the new Green Book advice and reviews the following:

- Objectives: A number of SMART objectives and Critical Success Factors are used at Strategic Outline Case stage to ensure the short-list options, that will be assessed in fuller detail at Outline Business Case (OBC) stage, are aligned with strategic objectives of the organisation and as a result is likely offer VfM to the society.
- Benefits: Net present value to society of all social, economic and environmental benefits. The benefits may be monetised, quantitatively or qualitatively. This is carried out in greater detail at OBC stage.
- Costs: Net present public resource costs following whole life costing method. This includes capital costs, operating and maintenance costs and as well as opportunity costs (if appropriate). This is carried out in greater detail at OBC stage.
- Risk: Risk costs associated with managing and mitigating identifiable and significant risks. This is carried out in all stages with increasingly detailed analysis as the scheme progresses through different business case stages. Residual 'hard to quantify' risk and uncertainty, where it is likely to be significant, are also considered as part of the value for money judgment. For example the impact of public transport fare revenue due to increased practise of work from home and online shopping.

- Wider Impacts: Additional wider impacts which are not readily or credibly quantifiable or monetisable, but which are considered decisively important enough to be taken into account are considered. The Combined Authority requires an economic narrative or other ways of justification for such impacts. This is carried out in greater detail at OBC stage.
- Equality and Diversity: The distribution of the likely impact in different parts of the society and across protected characteristics are considered in the VfM judgement.

### **Estimating economic and wider benefits**

All programmes and schemes will be expected to have a positive (direct or indirect) impact on growth through job creation, skills improvement, increased productivity, and improved connectivity, to ensure that the good growth aspirations articulated in the SEF are realised. This also includes inclusive growth and clean growth aspirations.

A range of tools and models will be used to help estimate the direct, indirect and wider economic impact of scheme proposals in order to facilitate the prioritisation and decision-making process. It would be expected that the promoter engages with the Combined Authority on the approach and the preferred model(s) to be used to appraise the economic benefits, reflecting the scheme context and scope. For transport schemes this should be set out in the ASR.

The Combined Authority have developed a robust methodology (quantitative and qualitative) for assessing all new scheme's predicted carbon emissions / wider clean growth impacts, to strengthen how clean growth and climate change impacts are considered as part of all new schemes that come through the Combined Authority's Assurance Framework.

#### **7.10 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. It will be undertaken by the Combined Authority's Programme Manager and may take place at any stage in the assurance process prior to entering into a grant funding agreement (GFA).

The scope of due diligence will depend on the nature of the funding proposition and the promoter. Where the promoter is a private sector body it is likely to take the form of an independent assessment of ownership structure and financial standing and any other appropriate risk considerations determined at that time.

#### **7.11 Risk Management**

Risk is managed in line with HM Treasury 'Orange Book' Guidance on the Principles and Concepts of Risk.

The LEP has agreed that the Combined Authority, through the Section 73 Chief Finance Officer, manages risk on the LEP's behalf.

The Combined Authority recognises that effective risk management is an integral part of good corporate governance and as such should be a part of everyday management processes. The Combined Authority is committed to ensuring the robust management of risk, and as such a corporate risk management strategy is in place to set out a consistent approach to all risk management activities undertaken throughout the Organisation. This includes the Combined Authority's risk appetite statement, which is based on risk category. The Risk Management Strategy can be found [here and the description of the risk faced by the LEP is part of the reports reviewed by the LEP Board at each meeting](#).

Full scheme-level risk analysis and mitigation plans are required for each programme and scheme when developing their business case. These are required to comply with the Combined Authority Risk Management Strategy and are assessed as part of the appraisal process set out in this Assurance Framework.

Robust processes for the identification, analysis and management of risks is contained within the Combined Authority's Risk Management Strategy and supporting documents. These provide details on the regularity with which to review risks and guidance for effective risk identification, assessment and escalation.

## 7.12 Funding Agreements

At the point where funding is released, the Combined Authority will enter into a funding agreement with the promoter. Any funding conditions will be specified in the funding agreement and can include but not limited to:

- A funding cap.
- The promoter's Chief Internal Auditor to provide assurance and to certify all expenditure on an annual basis.
- Claw-back provision in place to ensure funding is only to be spent on the specified scheme and that any cost savings achieved on the completed scheme are returned.
- Where projects could trigger a return on investment, they may be subject to overage. A consistent overage mechanism will be applicable where projects receive support through either grant or loan support or on disposal of property or assets.
- The Combined Authority, as the accountable body, will determine when to release funding.
- The Combined Authority may arrange for local audit of schemes to detect any misuse of funds.
- All organisations that receive funding through the Combined Authority and / or LEP are contractually required to acknowledge this, and that of Government in all communications and marketing activity. This includes use of logos on relevant communications materials, inclusion of specified wording in press releases and development of stories and case studies that showcase the impact of schemes.

The Combined Authority and the LEP will look to recover funding where there has been non-compliance, misrepresentation or under-performance. The Accountable Body arrangements in Appendix 2 set out how concerns are escalated, including taking a legal opinion on the likelihood of recovery.

### 7.13 Management of contracts

West Yorkshire Combined Authority has implemented a performance management process which is aimed at ensuring contract performance is achieved and that all contract deliverables and obligations are met. The process will ensure that the following key contract management elements are implemented:

- Contract managers who understand all contract requirements, deliverables and provider obligations.
- Contract managers have a detailed understanding of the Combined Authority's responsibilities within external funding agreements linked to supplier agreements.
- Regular contract performance meetings are held with providers to review contract delivery in order to maintain ongoing quality and performance of the contract.
- Performance reporting updates are submitted on a regular basis by providers, highlighting performance against key performance indicators and service levels (as appropriate).
- Implementation of regular quality and compliance audits which provide the required evidence in support of contract compliance for LEP funded programmes and agreements.
- Ongoing contract management to include programme risk and issues management.
- Ensure ongoing delivery of value money through effective change management control in accordance with the contract terms and conditions.
- Problem resolution and implementation of improvement plans where necessary to support increased performance.

The Finance, Resources and Corporate Committee and LEP Board receive regular high-level reports on the progress of funded programmes and schemes together with any significant risks, issues and opportunities. More detailed reporting including specific supplier performance against these programmes and schemes are reported to the relevant panel / committee / project board and also to the Combined Authority's Senior Management Team.

Any contract negotiations that result in material changes will be assessed and dealt with through the standard variation process as determined within the Combined Authority Contract Standing Orders.

The LEP Board will be consulted on all contract changes that are considered to be critical in nature towards the delivery of LEP funded programmes and schemes.

## 8 Monitoring and Evaluation

### 8.1 Monitoring

All schemes are monitored throughout their progression through the assurance process. The Combined Authority use a web-based Portfolio Information Management System (PIMS), to ensure a consistent approach to monitoring and management of all schemes. A key benefit of PIMS is that information is available to view by all parties to the project. This helps to ensure the accuracy of the data held.

The system provides the following benefits:

- **Transparency**
  - Allows informed and improved decision making.
  - Provides visibility of scheme progress.
  - Provides a full audit trail of scheme data.
  - Linkages and dependencies between various schemes in the portfolio can be viewed and managed more easily.
- **Consistency**
  - Provides a robust and automated method of scheme assurance.
  - Standardised templates and reports offer robust scheme controls.
  - Centralised repository for cost and risk management activities will provide a uniform approach.
- **Efficiency**
  - Manual data input and manipulation is retained by the PMA and verified by project sponsors.
  - Standardised reports, documents and dashboards enable project teams and stakeholders to concentrate on delivery.
  - Resource management allows for resource planning ahead of demand.
  - The organisation's ability to plan using future scheme deliverables is increased.
  - Lessons learned can be more easily understood and shared between stakeholders.
- **Focus on delivery**
  - Aggregation of scheme data can identify trends in advance.
  - Facilitates alignment of schemes to corporate strategy.
  - Recommendations and actions to be carried out in a more structured and timely way.

Programmes and schemes funded by the Combined Authority and the LEP are required to have an outputs and benefits realisation plan as part of business case development. These should be produced as part of activity 3 (OBC) and refined and be in place at the end of activity 4 (FBC). These should be linked to the Monitoring

and Evaluation Plan to ensure a joined-up approach to appraisal, monitoring and evaluation.

Key metrics of information on performance are reported at regular intervals including expenditure, progress, outputs and benefits, risks and issues, as well as match funding. A rolling schedule of growth deal funded schemes is published on the [Combined Authority](#) and [LEP](#) websites.

The LEP Board and the Finance, Resources and Corporate Committee receive regular high-level reports on the progress of funded programmes and schemes together with any significant risks, issues and opportunities to enable effective management of all schemes and programmes. These reports are published on the Combined Authority and LEP websites.

## 8.2 Evaluation

Programmes and schemes funded by the Combined Authority and the LEP are required to have a monitoring and evaluation plan as part of business case development. These should be produced as part of activity 2 (SOC) and refined and be in place at the end of activity 4 (FBC).

The outputs from the monitoring and evaluation plan, together with the outputs realisation plan will be used to assess the effectiveness and impact of investing public funds and the extent to which schemes are contributing to the overall objectives of the Combined Authority and the LEP.

An Evaluation Strategy has been now been adopted by the Combined Authority and can be accessed through [this link](#).

The Evaluation Strategy shapes the design and development of project level evaluation activity through its focus on “Logic Models” as the basis of “activity 7” of the Assurance Framework reporting. Logic models set out the relations between what we deliver and the outcomes and impacts we hope to achieve. In doing so, they shape the information we monitor during delivery and capture at project closure. The Evaluation Strategy sets out how logic models should be developed.

Our approach to the development of the evaluation strategy recognises that it is locally owned and managed, drawing on local systems. A key principle is that evaluation will be proportionate and selective i.e. not everything will be evaluated. The Evaluation Strategy in section 1.3 – Designing Effective Evaluation provides guidance on determining proportionality. Partnership working with LEPs and Government is also integral to identify opportunities for thematic evaluations that could be conducted across LEP areas or centrally commissioned.

Our approach to monitoring and evaluation and focusing the evaluation around WYIS success measures will align the LCR Assurance Framework with the “National Local Growth Assurance Framework” (MHCLG, September 2021).

These key themes focus on:

- **Strengthening understanding of the expected impacts, outcomes and additionality of all forms of schemes at an early stage in their design to improve the ex-post evaluation of interventions.** All project sponsors will be required to adopt a consistent approach to the use of

“Logic Models”. Logic models represent an essential element of project and programme development and whilst the requirements for the use of logic models will be proportionate to the scale of the intervention, it is viewed that all schemes will benefit from this approach as through review their will be learning through delivery of what the project did relative what it was designed to achieve.

- **Communicating and synthesising the learning from project evaluation** – the strategy places a greater focus on synthesising consistent messages from project learning across all project types – with these insights flowing directly from the relationships set out in the project logic model. Greater emphasis is placed on the structured communication of the outputs from project closure reports through learning and dissemination events and the project closure reports will be designed to shape this messaging.
- **Understanding the wider benefits flowing from our funding programmes** – the strategy more clearly defines the relationship between project monitoring, benefits realisation and the net additionality achieved across the wider City Region geography. The updated strategy in this theme consolidates and aligns with the ‘Independent Evaluation of Local Growth Interventions’ currently being conducted by MHCLG.

### 8.3 Five Year gateway reviews

As part of the Leeds City Region Growth Deal agreement, the West Yorkshire plus Transport Fund is subject to five-yearly gateway reviews to assess impact. The first review in 2019 has been passed successfully and funding confirmed until 2024/25. The next review will be undertaken in 2024.

The devolution deal and the Single Investment Fund (SIF) also requires an independent panel to assess investments’ impact on economic growth at five-yearly Gateway Reviews. This additional evaluation provides a further incentive to encourage appropriate project appraisal, assurance and value for money processes.

## 9 Appendices

### Appendix 1 – Mayoral Functions.

The following functions are the responsibility of the Mayor:

- a) Transport
  - (i) Power to draw up a local transport plan and strategies (although the Combined Authority may amend these).
  - (ii) Power to request local regulations requiring large fuel retailers to provide Electric Vehicle charging points.
  - (iii) Bus franchising powers.
  - (iv) Ability to pay grants to operators.
- b) Housing and regeneration
  - (v) Land acquisition powers to support housing, regeneration infrastructure and community development and wellbeing subject to consent from specified Combined Authority members.
  - (vi) Power to designate a Mayoral Development Area and then set up a Mayoral Development Corporation subject to consent from specified Combined Authority members.
- c) Finance
  - (vii) Setting a precept on council tax to fund Mayoral Functions.
  - (viii) Power to charge business rate supplement (subject to ballot).

## Appendix 2 – Accountable Body Arrangements

### Agreement between the Leeds City Region Enterprise Partnership and the West Yorkshire Combined Authority

#### 1. Introduction

The LEP is a strategic body responsible for driving inclusive growth, increase prosperity and improve productivity (“LEP activity”). The LEP works collaboratively and in partnership with the West Yorkshire Combined Authority, as its accountable body (“the Accountable Body”).

#### 2. Accountable Body roles and responsibilities

Underpinning good governance is an expectation of mutual support between the LEP and the Accountable Body. The Accountable Body is responsible for:

- Carrying out **finance functions** on behalf of the LEP.
- **Oversight** of the LEP’s financial and governance, transparency and accountability arrangements.
- Providing **additional support** as agreed by the LEP.

The LEP has agreed that the Accountable Body’s specific roles and responsibilities are:

##### **a) Finance functions**

On behalf of the LEP, the Combined Authority holds, allocates and releases all funding for LEP activity (“LEP funding).

This includes approving and entering into agreements relating to LEP funding. The Accountable Body does not use any LEP funding for their own purposes, nor without a clear mandate from the LEP.

The Section 73 Chief Finance Officer shall ensure that appropriate financial statements are provided to the LEP in a timely manner; a separate financial statement for LEP funding is published each financial year.

The Accountable Body is responsible for treasury management and borrowing functions relating to LEP activity and funding.

LEP funding is included in the Accountable Body’s accounts, and the LEP’s web-site links to the Accountable Body’s accounts.

##### **b) Oversight functions**

The Accountable Body has oversight of the LEP’s financial and wider governance, transparency and accountability arrangements, including compliance with the Assurance Framework. The Accountable Body through its Section 73 Chief Finance

Officer ensures that LEP funding is administered properly, that is, that LEP funding is spent or released:

- In accordance with formal approvals only, and not for unapproved purposes<sup>18</sup>.
- With propriety and regularity and to deliver value for money.
- Subject to the statutory checks and balances which require the Accountable Body to act prudently in spending.
- In accordance with the Assurance Framework and any other relevant procedure.
- In compliance with any grant requirements and conditions.

The Accountable Body ensures that decisions on LEP funding are:

- Reached in line with clear and transparent processes.
- Made on merit.
- Taken in accordance with the Assurance Framework.
- Compliant with all legal requirements including relating to State Aid, public procurement, transparency, data protection and the public sector equality duty.

The Accountable Body also promotes the highest standard of conduct by the LEP, LEP Board members and officers, by reference to the seven principles of public life.

### Scrutiny

The Combined Authority's statutory Overview and Scrutiny Committees have a key role in securing independent and external scrutiny of LEP activities. The Committees' terms of reference reflect that the Committee may make reports or recommendations on any matter considered by the LEP or relating to LEP governance. The Committees may also review or scrutinise any decision made, or other action taken, in connection with any function of the Combined Authority, including in relation to its role as Accountable Body.

The LEP recognises the role of the Combined Authority's statutory Scrutiny Officer in facilitating the Overview and Scrutiny Committees to carry out appropriate scrutiny of LEP Board decision-making and LEP achievements.

The LEP agrees to respond positively to any request to share information with the Committees, so that the Committees have the necessary information to provide robust scrutiny and advice. Any member of the LEP Board, including any private sector representative, may be asked to attend or otherwise contribute to a meeting of any of the Committees.

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<sup>18</sup> Including the services of lobbyists

The contribution of the LEP to any meeting of the Overview and Scrutiny Committees will be recorded with the outcome in the minutes (published on the Combined Authority's website). The LEP will ensure that there is a link from the LEP website to the Overview and Scrutiny Committees' published reports and minutes.

### Audit

To ensure they have proper processes in place to manage risk, maintain an effective control environment and report on financial and non-financial performance, the LEP utilises the Accountable Body's Governance and Audit Committee, and its internal and external auditors to provide assurances in relation to LEP activities, as well as the Section 73 Chief Finance Officer.

The LEP and the Accountable Body (through its Governance and Audit Committee) will agree a risk based internal audit plan for each financial year of LEP and Combined Authority activities, that will provide assurance to the Section 73 Chief Finance Officer and the LEP Board at appropriate points through the financial year.

### **c) Support functions**

The Accountable Body acts as the independent secretariat to the LEP<sup>19</sup>, providing the following technical and other support:

- Compiling, maintaining and publishing agenda, reports and minutes of meetings in accordance with agreed procedures.
- Retaining all documentation relating to the Local Growth Fund and other funding sources.
- Dealing with any request for information, complaint or concern raised in accordance with the appropriate procedure.
- Appraisal functions as set out in the Assurance Framework.
- Legal advice.
- Recovering funding where there has been non-compliance, misrepresentation or under-performance<sup>20</sup>.
- Risk management.

## **3. Section 73 Chief Finance Officer - Resources**

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<sup>19</sup> The Combined Authority is not a constituent member of the LEP, although the Mayor is on the LEP Board. Local Authority representatives are appointed in their capacity as district councillors, not members of the Combined Authority.

<sup>20</sup> The Accountable Body will report to the LEP Board providing information on schemes which have received funding, including

- a description of schemes where concerns have been identified,
- relevant details including the amount of funding awarded and the sum at risk due to concerns, and
- where recovery of funds is considered, a legal opinion which sets out the legal basis for recover and likelihood of success

The Accountable Body will ensure that the Section 73 Chief Finance Officer is given appropriate resources to carry out their functions in respect of the LEP, including audit. The LEP and the Accountable Body shall keep resource needs under review and consider if they are appropriately met.

#### **4. Non-compliance by the LEP**

Any decision of the LEP made in contravention of processes set out in the Assurance Framework will be invalid on the basis of non-compliance, unless the LEP has given prior approval for variation in respect of the LEP's decision-making process.

In the event that the Accountable Body is not able to endorse any decision of the LEP, the Section 73 Chief Finance Officer would refer the matter back to the LEP for re-consideration.

The LEP and the Accountable Body are committed to proactively raising with the Cities and Local Growth Unit any significant instance of non-compliance, non-delivery or mismanagement by the LEP which cannot be resolved locally. Should any such instance arise, the Section 73 Chief Finance Officer will also report it to the LEP Board and to the Combined Authority's Governance and Audit Committee.

## Appendix 3 – Section 73 Chief Finance Officer – responsibility arrangements

### 1. Introduction

The Combined Authority must by law<sup>21</sup> make arrangements for the proper administration of its financial affairs and secure that one of its officers has responsibility for the administration of those affairs. This role is carried out by the Combined Authority's Director of Corporate Services and extends to include the financial affairs of the LEP.

The Chair of the LEP and the LEP's Chief Executive Officer have agreed the following responsibility arrangements with the Section 73 Chief Finance Officer of the West Yorkshire Combined Authority (the Combined Authority), recognising the role of the Section 73 Chief Finance Officer in relation to instilling good and proportionate LEP governance, including the oversight of the proper administration of the LEP's financial affairs.

### 2. Financial administration

The Section 73 Chief Finance Officer shall be supported by the LEP and the Combined Authority (in its capacity as accountable body for the LEP) to carry out such checks as are necessary to independently ensure the proper administration of financial affairs in the LEP.

The LEP shall act promptly working with the Combined Authority to address any concerns or improper financial administration identified. The Section 73 Chief Finance Officer will report all concerns to the LEP's Chief Executive Officer in the first instance, making recommendations about any improvements required. The LEP is responsible for ensuring that all concerns are addressed.

The Chief Finance Officer will report any significant concerns directly to the LEP Board, setting out any improvements required. The LEP Board and the Section 73 Chief Finance Officer shall agree an action plan setting out how such concerns are to be addressed. This may include identifying training needs to ensure compliance. There will be a standing item on the LEP Board agenda reporting on progress on implementing the action plan, until the Section 73 Chief Finance Officer is satisfied that the issue has been resolved.

The Section 73 Chief Finance Officer will notify the Cities and Local Government Unit of any significant concern where:

- The concern is about systemic financial problems, repeated non-compliance or fraud, or
- An action plan cannot be agreed, or
- In the opinion of the Chief Finance Officer, the LEP Board does not achieve sufficient progress against the action plan.

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<sup>21</sup> Section 73 of the Local Government Act 1985

### **3. Advice of the Section 73 Chief Finance Officer**

The Section 73 Chief Finance Officer shall work with the Chair of the LEP and the LEP's Chief Executive Officer to ensure that procedures are in place to consider the financial implications of decisions before and during the decision-making process.

The LEP shall ensure that the Section 73 Chief Finance Officer is given sufficient access to information in order to carry out their role. The Section 73 Chief Finance Officer or their nominee shall be entitled to:

- Attend all LEP Board agenda setting meetings.
- Have access to all LEP Board documentation (including LEP Board reports before publication).
- Comment on any proposed decisions, by:
  - Recording an opinion on financial implications and an assessment of risk (such as delivery risks and cost overrun risks) in any report to the LEP Board or relevant Panel, and / or
  - Attending and speaking at any meeting of the LEP Board<sup>22</sup> or relevant Panel.

Should the LEP Board decide on a course of action which goes against the advice of the Section 73 Chief Finance Officer, the LEP Board must indicate the rationale for their decision, which will be recorded in the minutes of the meeting. However, in the event that the Accountable Body is not able to endorse any decision of the LEP, the Section 73 Chief Finance Officer would refer the matter back to the LEP for re-consideration.

If the role of the Section 73 Chief Finance Officer results in a potential conflict of interest, impartial advice should be sought by the LEP's Chief Executive Officer to ensure transparency from a source which is external to the Combined Authority.

### **4. Risk management**

The LEP has agreed that the Combined Authority through the Section 73 Chief Finance Officer, manages risks on the LEP's behalf. The risk appetite of the LEP is understood by both the LEP Board and the Section 73 Chief Finance Officer. The Section 73 Chief Finance Officer ensures that the Combined Authority's risk management strategy addresses:

- Risks arising in relation to LEP activity.
- The process for the LEP Board to oversee risk and the escalation of risk analysis and risk management requirements within the LEP.

The LEP risk register can be found [here](#).

At the beginning of the financial year, the LEP and the Section 73 Chief Finance Officer will agree the budget risks facing the LEP. These will be kept under review

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<sup>22</sup> See further LEP Procedure Rules. The Section 73 Chief Finance Officer is not a member of the LEP Board and does not vote

by the Section 73 Chief Finance Officer throughout the year, who will report any significant issues to the LEP Board.

## **5. Audit**

The LEP and Combined Authority have agreed audit arrangements as set out in the Assurance Framework. The Section 73 Chief Finance Officer and the LEP's Chief Executive Officer shall report to the LEP Board on any completed audit by internal or external auditors where any recommendations relate to the LEP and provide a copy to the Cities and Local Growth Unit as appropriate.

## Appendix 4 – Governance arrangements

### West Yorkshire Combined Authority

#### Membership

The Combined Authority as a Mayoral Combined Authority comprises the following members:

- The Mayor,
- 5 elected members from each council in West Yorkshire (one appointed by each council),
- 3 additional elected members for political balance jointly appointed by the West Yorkshire councils,
- 1 elected member appointed by the City of York Council, and,
- 1 person nominated by the LEP (the LEP Member).

Of these, the elected member appointed by the City of York Council and the LEP Member are required by statute to be non-voting, except in so far as the Combined Authority gives them voting rights.

The Combined Authority's website [here](#) provide details of all current members of the Combined Authority.

Voting members on committees and panels include members from the private sector representatives and local authorities.

The Mayor appoints one of the members of the Combined Authority as a Deputy Mayor, who will act in place of the Mayor if for any reason the Mayor is unable to act or the office of Mayor is vacant.

#### Strategies

The Mayor is responsible for approving the local transport plan (subject to the Combined Authority's power to make amendments – see below) and may make other strategies in relation to the exercise of any Mayoral Function, in consultation with the Combined Authority.

The Combined Authority will approve any strategy in relation to Non-Mayoral Functions. Where a Non-Mayoral Function has been conferred on the Combined Authority further to the devolution deal, the approval of that strategy requires the support of the Mayor. The Combined Authority may also amend the Mayor's local transport plan if a majority of the members agree to do so.

The West Yorkshire Investment Strategy (WYIS) is approved by the Combined Authority and is subject to confirmation by the Mayor when in office.

#### Budgets

There are separate budgets for Mayoral Functions (the Mayor's budget) and Non-Mayoral Functions (the Combined Authority's budget).

The Mayor may raise money by precept and has the power, with the agreement of the Combined Authority and in consultation with the business community, to raise a Business Rate Supplement to fund infrastructure investment.

The Mayor's budget is subject to approval by the Combined Authority in accordance with statutory processes. These provide that the Combined Authority may:

- Approve the Mayor's draft budget, (default simple majority voting arrangement applies) or
- Veto the draft budget, and approve a budget incorporating the Combined Authority's recommendations by 5 / 8 majority of the members of the Combined Authority excluding the Mayor.

### **Investment decisions**

Decisions relating to progressing a scheme under the assurance process fall to the Combined Authority, (or a decision-making committee of the Combined Authority or officer as set out in the assurance pathway and approval route for the scheme). Any such decision by the Combined Authority which relates to exercising any Non-Mayoral Function which was conferred further to the devolution deal requires the support of the Mayor.

The Mayor also makes any decisions which relate to Mayoral Functions (or may delegate any such decisions as set out in this Assurance Framework).

### **Officers**

Combined Authority officers serve both the Combined Authority and the LEP. They are appointed on merit in accordance with open recruitment arrangements and new officers undergo a structured induction process.

The Combined Authority complies with statutory requirements in relation to publishing officer salaries on the website [here](#).

The authority of officers to act on behalf of the Combined Authority is set out in the officer delegation scheme [here](#).

## LEP Board

### Membership

At least two-thirds<sup>23</sup> of the members of the LEP Board<sup>24</sup> must be private sector representatives<sup>25</sup>.

The number of LEP Board members shall not exceed 20<sup>26</sup>, excluding any additional member co-opted to the LEP Board. A maximum of 5 co-optees with specialist knowledge may be appointed to the LEP Board.

The Mayor is a member of the LEP Board.

The LEP's Constitution [here](#) sets out requirements in relation to LEP Board membership, including eligibility criteria, appointment processes, terms of office (including arrangements for resignation), and provisions relating to the LEP's Chair and Deputy Chair.

The LEP website [here](#), and the Combined Authority's website [here](#) provide details of all current members of the LEP Board.

The LEP Board has adopted an Equality and Diversity Policy including Diversity Statement explaining how the LEP seeks to ensure diverse representation at LEP Board and on advisory Panels which is reflective of their local business community (including geographies and protected characteristics). This can be viewed [here](#).

The LEP Board annually reviews its membership having regard to its Diversity Statement, taking into account the skills, knowledge and competencies it needs, the geography of the City Region, its key business sectors and different sizes of business operation.

The LEP Board appoints its private sector representatives, including the Chair, in accordance with open recruitment processes which are set out in the LEP recruitment procedure (which also covers engagement with the business community in relation to the appointment of the LEP Chair, succession planning and induction arrangements for private sector representatives) which can be found [here](#).

One LEP Board member is appointed to represent and engage with the SME business community, and another as Diversity Champion.

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<sup>23</sup> To comply with this requirement of the National Local Growth Assurance Framework and Strengthened Local Enterprise Partnerships report (2018), new members were appointed to sit on the LEP Board on 25 February 2020, with effect of 31 March 2020.

<sup>24</sup> Any co-optee appointed to the LEP Board is to not be considered as a member of the LEP Board for the purpose of this requirement

<sup>25</sup> A private sector representative must be or have been employed by an organisation not included as central Government, local Government or a public corporate as defined for the UK National Accounts. Those from Higher Education or Further Education Institutions are not classified as public sector organisations.

<sup>26</sup> This requirement is met as a result of the decision made by the LEP Board with regards to the LEP Board membership on 25 February 2020, with effect of 31 March 2020.

The LEP has adopted a LEP Board Members' Remuneration and Expenses scheme which can be found [here](#).

## Appendix 5 – Economic Services: approval arrangements

The Managing Director has delegated authority to award an Economic Services grant to a company or other legal entity<sup>27</sup> (“Business”) under any programme or scheme approved under the Leeds City Region Assurance Framework.

In accordance with the Conflicts of Interest Protocol, where any potential conflict arises from the involvement with a Business of any person on the LEP or any relevant committee, an application must be determined by the Managing Director, the Combined Authority or relevant committee.

A grant may only be awarded

- Where the application meets the eligibility and / or assessment criteria for the programme or scheme.

The **Advisory Groups** are set out in Table 2 below.

**Table 2**

Programme	Advisory Group	Membership	Thresholds
Business Growth Programme	Appraisal Advisory Group	Officers from the Combined Authority; officers from partner councils; Business Enterprise Fund	Considers any application for a grant over £50k and not exceeding £100k
Digital Investment Funds	Digital Investment Fund Appraisal Group	Officers from the Combined Authority	Considers any application for #Welcome and #Grow for a grant over £25k and not exceeding £50k

<sup>27</sup> Including a social enterprise, trust, partnership or sole trader.

## Appendix 6 – Assurance process principles for ESIF Sustainable Urban Development (SUD) purposes

### Purpose

The urban agenda and the role of cities in driving forward smart, sustainable and inclusive growth is central to the successful delivery of the 2014-20 ESI Funds Growth Programme in England.

The Leeds City Region Sustainable Urban Development (SUD) Strategy, which aims to address integrated urban challenges and opportunities in the region, was submitted to the Ministry of Housing, Communities and Local Government (MHCLG), now the Department for Levelling Up, Housing and Communities (DLUHC) back in September 2015 and was formally agreed.

The DLUHC – otherwise known as the Managing Authority - agreement of the SUD Strategy will ensure that funds worth up to 10% of the Leeds City Region European Structural and Investment Funds (ESIF), European Regional Development Fund (ERDF) allocation will be made available in order to implement the SUD strategy.

In order to put in place the delegated functions that are required by Article 7 of the EU Regulation 1301/2013, with regard to project selection, DLUHC have now established the West Yorkshire Combined Authority as an Intermediate Body (IB) in line with Articles 123 and 125 of EU Regulation 1303/2013.

The Combined Authority, as the Intermediate Body will, in order to make decisions with regard to its role in the project selection process, use the principles of the assurance process as outlined below. Any process will be undertaken in line with the selection criteria as defined by the ESIF national Growth Programme Board.

This appendix presents the Leeds City Region assurance process as the model and framework that the Combined Authority has adopted in assisting in the selection of schemes as part of the ESIF programme 2014-2020 for SUD.

### Background

- In July 2012, the Leeds City Region agreed a 'City-Deal' with HM Government giving greater local control over spending and decision-making particularly with regard to economic development, regeneration and transport. This 'City-Deal' agreed to the creation of a West Yorkshire Combined Authority and a commitment to develop an assurance process. The assurance process, once approved by HM Treasury, would provide a consistent, robust appraisal process for schemes and programmes to inform investment decisions.
- In light of this, and the flexibility that is inherent within the assurance process, it represents a means to structure the local appraisal of ESIF SUD schemes rather than developing a separate process. This approach complements the formal technical assessment carried out by DLUHC.

## **Introduction to selection of schemes using the Assurance Process principles**

The process adopted here reflects the guidance issued by DLUHC and adheres to the process and role of the Intermediate Body.

The Finance, Resources and Corporate Committee provides advice to the Combined Authority in line with the nationally agreed criteria and in line with the agreed and signed Memorandum of Understanding between the Combined Authority and DLUHC.

The Finance, Resources and Corporate Committee provides advice to the Combined Authority to whether proposals set out at Outline and subsequently Full Application appropriately address:

**Local strategic fit** as defined in the Selection Criteria<sup>28</sup> for the ERDF 2014-2020 programme, which includes how:

- The proposed operation contributes to the needs / opportunities identified in the Call for Proposals to which it is responding.
- The proposed operation is aligned to the local growth needs set out in the local ESI Funds Strategy and contributes to the specific objectives, outputs and results of the relevant priority axes set out in the Operational Programme.

In addition, the Combined Authority provides advice to DLUHC on the following value for money and deliverability selection criteria:

### **Value for money**

- The operation must represent value for money. In assessing value for money, DLUHC take account of:
  - Efficiency: the rate / unit costs at which the operation converts inputs to the Fund outputs.
  - Economy: the extent to which the operation will ensure that inputs to the operation are at the minimum costs commensurate with the required quality.
  - Effectiveness: the extent to which the operation contributes to programme output targets, results and / or significant strategic impact at the local level.

### **Deliverability**

- The operation is deliverable within the requirements of the fund specific Operational Programme taking account risks, constraints and dependencies
- Evidence has shown that this type of operation is effective or where the operation is new or innovative, the risks have been considered and appropriate mitigations put in place.

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<sup>28</sup> Selection Criteria [here](#)

## Using the assurance process principles

The assurance process is designed to ensure any schemes seeking public finance should be subjected to a rigorous appraisal. HM Treasury has developed the Green Book which provides the basis for how schemes should be appraised using the 'five cases model' to carry out a holistic assessment.

The five cases are:

- (i) **Strategic**: does the scheme fit with the aims of the City Region's Strategic Economic Plan? **(Used for selection of schemes for SUD as part of the ESIF Strategy)**
- (ii) **Economic**: is the scheme value for money? **(Used for selection of schemes for SUD as part of the ESIF Strategy)**
- (iii) **Commercial**: is there demand for the scheme and is it commercially viable?
- (iv) **Financial**: is the scheme affordable and sustainable?
- (v) **Management**: is the scheme deliverable with achievable objectives? **(Used for providing advice on the selection of schemes for SUD as part of the ESIF Strategy)**

The Green Book details approaches and tools that can be adopted in order to effectively appraise schemes. It is accepted that the detail and extent of appraisal should reflect the size and complexity of schemes, but within all appraisals there should be some consideration of each of the five cases.

The assurance process has been developed in line with these principles and was a key requirement that emerged from the LEP's City-Deal. The assurance process will be used by the LEP and the Combined Authority for all of its different funding regimes, providing a consistent and robust approach to appraise schemes. This means all schemes, irrespective of objectives or thematic area (transport, regeneration, housing, skills, innovation, enterprise etc.), will be assessed under this 'single' framework. This will better able the LEP and the Combined Authority to compare and prioritise schemes and programmes.

It is the assurance process which is used to form the basis for the 'local' appraisal and selection of SUD ESIF schemes outside the formal DLUHC assessment. For the purposes of selecting SUD ERDF schemes, the key principles of the assurance process are used – but only using cases 1, 2 and for advice case 3 as described above and in line with the nationally agreed criteria and the agreed and signed Memorandum of Understanding between the Combined Authority and DLUHC.

## Strategic Fit – Proposed scope

The proposed assessment of strategic fit is currently structured around the four pillars of activity that are central to the Leeds City Region Strategic Economic Plan (SEP):

1. Growing businesses
2. Skilled People, Better Jobs
3. Clean Energy and Environmental Resilience
4. Infrastructure for growth

Promoting social inclusion and combating poverty, designed to reflect aspects of the social outcomes that are promoted within the ESIF programme, are integrated within the pillars.

The pillars have been broken down into activity that could contribute to strategic outputs within the respective pillar and schemes would be scored against these criteria.

### **Value for Money (VfM) – Economic impact – proposed scope**

In assessing the value for money of each of the schemes, the process effectively mirrors that of the assurance process - ensuring that the costs and benefits of schemes are taken into account and wherever possible quantified. This is more straightforward for some schemes than others and there is an onus on reflecting local intelligence and priorities. New jobs and catalytic schemes are 'worth' more in some areas than others simply because there are fewer jobs or because it is more difficult to create and sustain jobs in certain locations. This is especially the case where disadvantage is long-term and entrenched.

The Research and Intelligence team own and manage the Regional Econometric Model, a complex tool that enables scenarios to be assessed in terms of their net economic impact. This provides a range of outputs with a focus on impacts in terms of employment and gross value added (a measure of economic impact). These outputs can be calculated over a range of different geographies. Other approaches are used to quantify the outputs / outcomes that by their nature have a direct impact that is more social rather than economic.

In terms of the local assessment, additional measures of value for money are being used where necessary to provide more information on the potential impact of schemes. Such measures and ratios include:

- Total GVA of the project
- Ratio of GVA to Total Cost AND public sector support
- Total cost per job
- Total GVA per job
- Cost benefit ratio
- Grant per job
- Cost per business assist
- Cost per skill outcome
- Capital / build costs

The appraisal is informed and supported by national and local research in terms of the costs of outputs and outcomes. This includes elements such as guidance issued by OFFPAT, evaluations of RDA activity and more recent, evidence emerging from

the What Works Centre for Local Economic Growth and bespoke evaluations such as that carried out on the Combined Authority's Business Growth Programme (BGP).

### **Undertaking the work**

The responsibility of the Assurance Process is the responsibility of the Director of Delivery, to whom a Head of Portfolio Management and Appraisal (PMA) reports.

The Head of PMA commissions the Head of Research and Intelligence (under the Director of Strategy, Communications and Policing), to undertake the appraisal work on local strategic fit and economic - value for money (VfM). The appropriate policy lead will also support the approach, under the supervision of the Head of Research and Intelligence, to provide the advice that is considered and discussed by the relevant thematic committee. This in turn, leads to recommendations to the Combined Authority to make decisions on the selection of operations.

### **Reporting**

The results from the appraisal are presented in a summary assessment report, provided by DLUHC, alongside DLUHC's own formal technical assessment. This provides an insight into the strengths and weaknesses, bringing together the metrics and other qualitative and quantitative information.

## Appendix 7 – Adult Education Budget

Devolution of the Adult Education Budget (AEB) is a shift from current centrally coordinated arrangements and will allow for local decisions to be taken to deliver learning opportunities aligned with the needs of individuals and employers across West Yorkshire.

Taking on these devolved powers is clearly a significant opportunity for the region. Currently around 90% of the funding is delivered without Local Authorities and the Combined Authority having a formal influence over AEB planning, and with no consequence to funding allocations if delivery does not meet local needs or align to our collective strategies.

Our devolved AEB Strategy proposes close working between Local Authorities and the Combined Authority to oversee provider delivery plans and performance, increasing the scrutiny on delivery and focussing on impact for our communities.

The Combined Authority is the accountable body in terms of assurance for AEB funding.

The table below sets out the decision-making in relation to policy, funding and contract allocation for AEB functions.

### Decision-making: Policy, funding, and contract allocations

Decision	Decision-maker	Rationale
To approve or vary the AEB Strategy as required.	Combined Authority	The Strategy governs funding principles and will be revised in line with governance and assurance processes.  Conflicts of interest are managed under the Members' Conflicts of Interest policy.
To agree the governance arrangements for AEB functions	Combined Authority	The Combined Authority is responsible for agreeing how its functions, including AEB functions, are discharged.

Decision	Decision-maker	Rationale
To approve the Funding Rules and Performance Management Framework	Combined Authority	<p>The Rules and Framework set out clear parameters for contractual decisions, which can appropriately and effectively be carried out by officers subject to strategic direction from the Combined Authority, avoiding the need for frequent referral of operational decisions to the Combined Authority.</p> <p>Variations and urgent amendments will be delegated to the Managing Director.</p>
To reallocate budget in response to underperformance / over performance outside performance management framework.	Combined Authority	<p>Decision on strategic funding usage.</p> <p>The Employment and Skills Panel may make recommendations to the Combined Authority on any such decision.</p> <p>Approval of financial values removes any conflict of interest claims, while ensuring clear methodology has been followed which aligns to strategy.</p>
To make interim changes to the policy and / or AEB Strategy in response to emerging economic needs, crisis responsiveness or similar.	Combined Authority	<p>Decision on strategic funding usage.</p> <p>The Employment and Skills Panel may make recommendations to the Combined Authority on any such decision.</p>
<p>To determine Grant Agreement Allocations &amp; Procurement values - <b>annually agreed in March (once West Yorkshire AEB allocation confirmed)</b></p> <ul style="list-style-type: none"> <li>•</li> </ul>	Managing Director	<p>Grant allocation amounts will be determined in accordance the methodology outlined in the AEB Strategy as approved by the Combined Authority.</p> <p>Approval of top line procurement values by the Managing Director while ensuring clear methodology has been followed which aligns to the Strategy.</p>

<b>Decision</b>	<b>Decision-maker</b>	<b>Rationale</b>
To agree contracts for Services awarded through procurement and in March annually based on performance management framework.	> £1m – Managing Director < £1m – Director of Economic Services	In accordance with the AEB Strategy, Combined Authority Procurement Strategy, Funding Rules, Performance Management Framework, and Contracts Standing Orders
New procurement rounds: <ul style="list-style-type: none"> <li>Planned responsiveness pot</li> <li>Refresh after 4 years</li> </ul> Bringing on new providers in light of provider base failure	> £1m – Managing Director < £1m – Director of Economic Services  Advised by AEB Performance Group and ESP	In accordance with the AEB Strategy, as approved by the Combined Authority.  ESP may make recommendations to the Combined Authority on any such decision.  Conflicts of interest are managed under the Members' Conflicts of Interest policy.
To approve or vary the AEB Procurement Strategy	Sub delegated from the Managing Director to the Director of Employment & Skills / Head of Employment and Skills	In accordance with the AEB Strategy and with the Combined Authority's Procurement Strategy
To approve overperformance and contract Growth requests	Sub delegated from the Managing Director to the Director of Employment & Skills / Head of Employment and Skills	In accordance with the mechanism set out in the Performance Management Framework, as approved by the Combined Authority.  Technical expertise and performance data available at AEB Performance Group level.
Underperformance and contract reduction / termination	Sub delegated from the Managing Director to the Director of Employment & Skills / Head of Employment and Skills	Clear mechanism will be outlined in Funding Agreements, Performance Management Framework, which will be approved by the Combined Authority ahead of implementation.  Technical expertise and performance data available through the AEB Performance Group.

<b>Decision</b>	<b>Decision-maker</b>	<b>Rationale</b>
To approve Funding clawback	Sub delegated from the Managing Director to the Director of Employment & Skills / Head of Employment and Skills	<p>Clear mechanism will be outlined in Funding Agreements, Performance Management Framework which will be approved by the Combined Authority, along with Audit plans.</p> <p>Technical expertise and performance data available at AEB Performance Group level.</p>
<p>To agree Delivery plans</p> <p>Agreed annually with providers</p> <p>Variation approval based on performance and / or responsiveness</p>	Sub delegated from the Managing Director to the Director of Employment & Skills / Head of Employment and Skills	<p>Expertise regarding technical delivery and alignment to strategy available from the AEB Performance Group.</p> <p>Will deliver strategic aims as set by the Combined Authority.</p> <p>Employment and Skills Panel will be informed of any decisions, in line with Conflicts of Interest policy.</p>
<p>To add subcontractors to delivery plans within year upon request</p> <p>Annually</p>	Sub delegated from the Managing Director to the Director of Employment & Skills / Head of Employment and Skills	<p>Expertise regarding due diligence and strategic appropriateness is available from the AEB Performance Group.</p> <p>In accordance with the Funding Rules which outline strict requirements regarding subcontracting practice.</p> <p>Responsiveness required in year to ensure delivery timescales are met</p>

<b>Decision</b>	<b>Decision-maker</b>	<b>Rationale</b>
<p>To approve subcontracting where not already approved under current ESFA regulations.</p> <p>ESFA guidance available <a href="#">here</a>.</p>	<p>Sub delegated from the Managing Director to the Director of Employment &amp; Skills / Head of Employment and Skills</p>	<p>Expertise regarding due diligence and strategic appropriateness available from the AEB Performance Group.</p> <p>Funding rules outline requirements regarding subcontracting practice.</p> <p>Responsiveness required in year to ensure delivery timescales are met.</p>
<p>To make minor technical or process driven amendments to the Funding Rules in line with strategic direction set by the Combined Authority.</p>	<p>Sub delegated from the Managing Director to the Director of Employment &amp; Skills / Head of Employment and Skills</p>	<p>Any amendments must remain in accordance with the AEB Strategy, as approved by the Combined Authority.</p> <p>Swift decisions needed to minimise any impact of responsiveness on delivery – decisions are predominantly technical, and process driven.</p>

## 10 GLOSSARY

<b>ASR</b>	<p><b>Appraisal Specification Report:</b></p> <p>A report produced by the scheme promoter, in conjunction with the West Yorkshire Combined Authority, setting out the agreed approach to appraisal of the scheme, as part of the assurance process.</p>
<b>AST</b>	<p><b>Appraisal Summary Table:</b></p> <p>A summary of the key consequences relating to the environmental, economic and social impacts of schemes. They are used to help determine which schemes should proceed and if they do, to decide which options to choose.</p>
<b>BCG</b>	<p><b>Business Communications Group:</b></p> <p>A group of people made up of key representatives from organisations in the City Region. They support business growth and act as an advisory group to the LEP Board.</p>
<b>BCR</b>	<p><b>Benefit Cost Ratio:</b></p> <p>An indicator used in cost-benefit analysis that attempts to summarise the overall value for money of a project or proposal.</p>
<b>BEIS</b>	<p><b>Business, Energy and Industrial Strategy:</b></p> <p>A ministerial department supported by 41 agencies and public bodies. It brings together responsibilities for business, industrial strategy, science, research and innovation, energy and clean growth, and climate change.</p>
<b>BGP</b>	<p><b>Business Growth Programme:</b></p> <p>The department for Business, Energy &amp; Industrial Strategy set up grants for businesses that meet certain requirements. Businesses can apply to the Leeds City Region LEP to obtain these grants.</p>
<b>CBA</b>	<p><b>Cost Benefit Analysis:</b></p> <p>A systematic approach to estimating the strengths, weaknesses and alternatives for a decision to be made. It involves adding up the benefits of a course of action and then comparing these with the costs associated with it.</p>
<b>CSF</b>	<p><b>Critical Success Factors:</b></p> <p>A management term for an element that is necessary for an organisation or project to achieve its goals.</p>
<b>DfT</b>	<p><b>Department for Transport:</b></p> <p>A ministerial department supported by 23 agencies and public bodies. They work with agencies and partners to support the transport network and plan and invest in transport infrastructure.</p>

<b>ERDF</b>	<p><b>European Regional Development Fund:</b></p> <p>Aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions. The ERDF focuses its investments on several key priority areas and is designed to reduce economic, environmental and social problems in urban areas.</p>
<b>ESIF</b>	<p><b>European Structural and Investment Funds:</b></p> <p>Includes money from the European Social Fund, European Regional Development Fund and European Agricultural Fund for Rural Development.</p>
<b>EU</b>	<p><b>European Union:</b></p> <p>An association of European nations formed in 1993 for the purpose of achieving political and economic integration. Incorporating the European Community, the European Union's member states are Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom. In 2016 the United Kingdom voted by referendum to withdraw from membership in the European Union.</p>
<b>EZ</b>	<p><b>Enterprise Zone:</b></p> <p>An area in which state incentives such as tax concessions and infrastructure incentives are offered to encourage business investment. There are 24 enterprise zones in England.</p>
<b>FBC</b>	<p><b>Full Business Case:</b></p> <p>Provides the detail of the preferred solution for a project or programme. It confirms the benefit, cost and risk of delivering the preferred solution. FBC+ represents a full business case with finalised costs.</p>
<b>GPF</b>	<p><b>Growing Places Fund:</b></p> <p>Funding from the Ministry of Housing, Communities and Local Government that supports key infrastructure schemes designed to unlock wider economic growth, create jobs and build houses in England. This fund comprises of £730 million.</p>
<b>GVA</b>	<p><b>Gross Value Added:</b></p> <p>Measures the contribution made to the economy and is a key indicator of the state of the whole economy. It measures the value of goods and services produced in an area.</p>
<b>Green Book</b>	<p>HM Treasury guidance for public sector bodies on how to appraise proposals before committing funds to a policy, programme or project.</p>
<b>HE</b>	<p><b>Homes England:</b></p> <p>Formerly known as Homes and Communities Agency. An executive non-departmental public body that is sponsored by the Ministry of Housing, Communities and Local Government. HE helps create successful communities by making more homes and business premises available to the residents and businesses who need them.</p>

<b>HMT</b>	<b>Her Majesty's Treasury:</b> The Government's economic and finance ministry, maintaining control over public spending, setting the direction of the UK's economic policy and working to achieve strong and sustainable economic growth.
<b>LCR</b>	<b>Leeds City Region:</b> A functional region around Leeds, West Yorkshire.
<b>LEP</b>	<b>Local Enterprise Partnership:</b> Locally-owned voluntary partnerships between local authorities and Businesses. Set up in 2011, they play a central role in deciding local economic priorities and undertaking activities to drive economic growth and create local jobs.
<b>LGf</b>	<b>Local Growth Fund:</b> Growth Deal funding provided to Local Enterprise Partnerships for schemes that benefit the local area and economy.
<b>LIS</b>	<b>Local Industrial Strategy:</b> Led by Mayoral Combined Authorities or Local Enterprise Partnerships, to promote the coordination of local economic policy and national funding streams and establish new ways of working between national and local Government, and the public and private sectors.
<b>LVU</b>	<b>Land Value Uplift</b> This is quantification of the net benefits of a scheme proposal. This measures the difference of value from the land's current use to when it is used for another purpose as an economic uplift and captures all private sector costs of development.
<b>MCA</b>	<b>Mayoral Combined Authority:</b> A combined authority with a mayor that is elected by the residents of the area. The mayor, in partnership with the combined authority, exercises the powers and functions devolved from Government, set out in the local area's devolution deal.
<b>MD</b>	<b>Managing Director:</b> The person who is in overall charge of the running of an organisation or business. The Managing Director of the Combined Authority is also the Chief Executive Officer of the LEP.
<b>MHCLG</b>	<b>Ministry of Housing, Communities and Local Government:</b> Formerly known as Department for Communities and Local Government (DCLG). A ministerial department supported by 13 agencies and public bodies. They create great places to live and work, and to give more power to local people to shape what happens in their area.
<b>NPV</b>	<b>Net Present Value:</b> The difference between the present value of the future cash flows from an investment and the amount of investment. NPV is used to analyse the profitability of a projected programme or project.
<b>Nolan Principles</b>	The seven principles of public life, which are the basis of the ethical standards expected of public office holders.

<b>OBC</b>	<b>Outline Business Case:</b> This sets out the preliminary information regarding a proposed project / programme. It contains information needed to help make a decision regarding the implementation of the project / programme such as envisaged outcomes, benefits and potential risks associated.
<b>Orange Book</b>	HM Treasury guidance for public sector bodies on risk management.
<b>PAT</b>	<b>Programme Appraisal Team:</b> A team formed to ensure compliance with the assurance framework. It is a formal group of West Yorkshire Combined Authority officers who oversee the assurance process.
<b>PCR</b>	<b>Project Closure Report:</b> The final document produced for the project and is used by senior management to assess the success of the project, identify best practice for future schemes, resolve all open issues and formally close the project.
<b>PIMS</b>	<b>Portfolio Information Management System:</b> A bespoke management system used to provide transparency, consistency, efficiency and focus on delivery.
<b>PMA</b>	<b>Portfolio Management and Appraisal Team:</b> A team formed to ensure a rigorous approach to the assurance process, including the appraisal of schemes and monitoring and reporting on our portfolio, so we get the best schemes for our money
<b>QRA</b>	<b>Quantified Risk Assessment:</b> A structured approach to identifying and understanding the risks associated with hazardous activities. The assessment takes inventory of potential hazards, their likelihood and consequences.
<b>RAG</b>	<b>Red, Amber and Green rating:</b> Also known as the traffic light system and used as a visual cue to project performance.
<b>REM</b>	<b>Regional Econometric Model:</b> Incorporates aspects of four major modelling approaches; Input - Output, General Equilibrium, Econometric, and Economic Geography. It estimates the changes in total regional income and employment.
<b>SA</b>	<b>Strategic Assessment:</b> This determines the strategic context for a programme / project and provides an early opportunity for key stakeholders to influence the direction, scope and scheme content.
<b>SEP</b>	<b>Strategic Economic Plan:</b> A long-term plan that shows how the LEP and Local Authorities will grow the economy and how its ambitions will be achieved. The SEP will be replaced by SEF during 2020.
<b>SEF</b>	<b>Strategic Economic Framework:</b> An agile, long-term strategic framework, incorporating both the new Local Industrial Strategy (LIS) as well as a full range of policies and strategies, reflecting the scale of our ambitions and priorities for the City Region.

<b>SME</b>	<p><b>Small and Medium Enterprises:</b></p> <p>A company is defined as an SME if it has a staff headcount of either &lt;50 (small) or &lt;250 (medium sized). The company also needs to have a turnover or balance sheet total of ≤€10m (small) or ≤€50m (turnover) or ≤€43m (balance sheet) (medium).</p>
<b>SOC</b>	<p><b>Strategic Outline Case (SOC)</b></p> <p>The purpose of the SOC is to confirm the strategic context for the project, to make the case for change and to determine 'the preferred way forward'</p>
<b>SUD</b>	<p><b>Sustainable Urban Development (part of the ESIF programme):</b></p> <p>Part of the European Structural and Investment Funds programme operating as an Integrated Territorial Investment Instrument, which demonstrates the value of place-based solutions in responding to social, environmental and economic challenges. The area to be covered by SUD is the City Region's urban core of West Yorkshire and York.</p>
<b>TfN</b>	<p><b>Transport for the North</b></p> <p>A statutory sub-national transport body, which is a partnership of public and private sector representatives working with <a href="#">central Government</a> and national transport bodies to develop and deliver strategic <a href="#">transport infrastructure</a> across the <a href="#">North of England</a>.</p>
<b>UDM</b>	<p><b>Urban Dynamic Model:</b></p> <p>A simulation of how transport interacts with population, employment and land-use over long periods of time, typically ten years or more. It helps understand how transport could contribute to economic regeneration.</p>
<b>VfM</b>	<p><b>Value for Money:</b></p> <p>The most advantageous combination of cost, quality and sustainability to meet customer requirements.</p>
<b>TAG</b>	<p><b>Web-based Transport Appraisal Guidance:</b></p> <p>Guidance on the conduct of transport studies. It provides advice on how to set objectives and identify problems, develop potential solutions, create a transport model for the appraisal of the alternative solutions and how to conduct an appraisal which meets the department's requirements.</p>
<b>West Yorkshire Transport Levy</b>	<p>An annual levy on the West Yorkshire authorities, which is used to invest in priority schemes / programmes across West Yorkshire, helping to deliver a number of key transport priorities.</p>



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**Report to:** Corporate Scrutiny Committee

**Date:** 21 January 2022

**Subject:** **Integrated Corporate Systems**

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**Director:** Angela Taylor, Director of Corporate and Commercial Services

**Author:** Angela Taylor

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## **1. Purpose of this report**

- 1.1 To provide initial information on one of the key corporate projects for the coming year – Integrated Corporate Systems (ICS).

## **2. Information**

- 2.1 Integrated Corporate Systems (ICS) has been approved for development and implementation in the coming year. It will replace ageing HR, Finance and payroll systems with one new integrated system. The current systems have been in place for many years and do not reflect the needs and requirements of the current organisation.
- 2.2 The chosen supplier is TechnologyOne who have a system designed for local government and which is in use at a number of local authorities. It provides a modern system empowered by workflows that provides effective and efficient processes and a high degree of self service for all employees. It can be accessed from any location via mobile apps or online self service so can be easily used even for those without access to a corporate laptop.
- 2.3 The approach being taken is to use the product 'out of the box' as far as possible, and adapting current business practice to make full use of the efficiencies the system will provide. The integration will remove some of the current duplication of records between HR and payroll for example and the improved access to information for everybody will reduce the need for teams to produce bespoke reports on a range of HR and finance data.
- 2.4 The procurement process saw a detailed requirements capture exercise from across the organisation and following the conclusion of the project approvals and procurement, work on detailed planning and assembling the required team has progressed.

2.5 The first main stage of the project is now commencing, with configuration design workshops underway from January through to April. Implementation will commence in May, detailed testing in August, early stage deployment in October and a full go live in November.

2.6 This is a significant project that will change ways of working across the organisation. A business change and training element is core to the project plan and user groups and a communications plan are being established to ensure that the delivered product meets all requirements across the organisation and that there is full engagement throughout the year.

### **3. Tackling the Climate Emergency Implications**

3.1 None arising directly from the report.

### **4. Inclusive Growth Implications**

4.1 The procurement evaluation included consideration of a social value contribution which will be monitored throughout the contract delivery.

### **5. Equality and Diversity Implications**

5.1 The new technology will be accessible to all. It will also enable improved reporting on a range of topics including HR data on workforce.

### **6. Financial Implications**

6.1 Approval has been given to the project development and implementation costs of £1.7 million through the Assurance Framework.

### **7. Legal Implications**

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

### **8. Staffing Implications**

8.1 A project team is in place, including employees from the corporate teams and user groups to engage with the full organisation are being drawn together.

### **9. External Consultees**

9.1 No external consultations have been undertaken.

### **10. Recommendations**

10.1 That the Committee notes the report and the work underway.

### **11. Background Documents**

None.

**12. Appendices**  
None.

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**Report to:** Corporate Scrutiny Committee

**Date:** 21 January 2022

**Subject:** **Budget and business planning**

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**Director:** Angela Taylor, Director of Corporate and Commercial Services

**Author:** Angela Taylor

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## 1. Purpose of this report

- 1.1 To provide further information on the budget position for the Combined Authority for 2022/23.

## 2. Information

- 2.1 The Corporate Scrutiny Committee met in a workshop session in December where it focussed on the budget being developed for consideration and approval at the Combined Authority meeting of 3 February. The Committee considered the budget paper that had been presented to the December meeting of the Combined Authority and officers provided further information and explanations to support the Committee's understanding of the underlying assumptions and challenges, and to understand what sits beneath the figures. A summary of the paper considered at that meeting is attached for information as **Appendix 1**. The revenue appendix to this paper has been updated to indicate which director is responsible for each directorate budget.
- 2.2 Members provided some useful and constructive feedback which will be incorporated into the budget paper currently being drafted for the 3 February meeting, including an expanded explanation of movements between years and further analysis of certain of the budget lines.
- 2.3 At the time of publication of these papers the budget and associated report are still undergoing final review and refinement, with work underway to close the funding gap and be able to present a balanced budget for approval. This is expected to be achieved by updating some of the income assumptions and consideration of use of reserves.
- 2.4 In addition to this the Committee asked for further specific information to consider at their next meeting and this is provided in the attached appendices:

1. **Appendix 1** – Summary of Budget & Business Planning report [*to Corporate Scrutiny Workshop (21.12.21) and Combined Authority (9.12.21) with appendices*]
  2. **Appendix 2** – Draft business plan priorities 2022/23
  3. **Appendix 3** – Draft capital budgets from 2021/22
  4. **Appendix 4** – proposed 2022/23 budget by directorate
  5. **Appendix 5** – summary proposed 2022/23 budget with comparatives
  6. **Appendix 6** – transport levy by local authority
  7. **Appendix 7** – gainshare approvals
  8. **Appendix 8** – draft treasury management strategy and draft reserves policy
- 2.5 Officers will be in attendance at the meeting to talk through these appendices in more detail and answer any further questions the Committee may have.
- 3. Tackling the Climate Emergency Implications**
- 3.1 The budget will include resource to support climate change activity.
- 4. Inclusive Growth Implications**
- 4.1 The budget will include resource to support inclusive growth.
- 5. Equality and Diversity Implications**
- 5.1 All services funded and delivered by the Combined Authority are required to consider diversity implications.
- 6. Financial Implications**
- 6.1 The report covers budget information but there are no financial implications directly arising from this report.
- 7. Legal Implications**
- 7.1 There are no legal implications directly arising from this report.
- 8. Staffing Implications**
- 8.1 The budget will include the staffing costs for the approved establishment.
- 9. External Consultees**
- 9.1 No external consultations have been undertaken.
- 10. Recommendations**
- 10.1 That the Committee note the report and budget information and provide any comments.

## **11. Background Documents**

None.

## **12. Appendices**

**Appendix 1** – Summary of Budget & Business Planning report [*to Corporate Scrutiny Workshop (21.12.21) and Combined Authority (9.12.21) with appendices*]

**Appendix 2** – Draft business plan priorities 2022/23

**Appendix 3** – Draft capital budgets from 2021/22

**Appendix 4** – proposed 2022/23 budget by directorate

**Appendix 5** – summary proposed 2022/23 budget with comparatives

**Appendix 6** – transport levy by local authority

**Appendix 7** – gainshare approvals

**Appendix 8** – draft treasury management strategy and draft reserves policy

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## ***Summary copy of information in report to Combined Authority on 9 December 2021 and corporate scrutiny workshop on 21 December 2021***

### **1. Purpose of this report**

1.1 To consider the budget challenges and assumptions for 2022/23.

[...]

1.3 To consider the work underway to progress the use of gainshare.

### **2. Information**

2.1 The proposed budget for 2022/23 will be brought to the meeting of 3 February 2022 for consideration and approval. This will include the proposed transport levy which legislation requires to be set by mid February. The budget must support the business plan for the year, ensuring clarity on how resources will most effectively be deployed to deliver the agreed objectives and priorities of the Combined Authority.

#### Business planning

2.2 Each directorate has been tasked with developing their proposed business priorities for the next financial year in parallel to considering their budgets. The headlines are set out in **Appendix 2**.

2.3 Currently the Combined Authority has five corporate priorities:

- Boosting productivity
- Enabling inclusive growth
- Tackling the climate emergency
- Delivering 21<sup>st</sup> century transport
- Securing money and powers

2.4 These corporate priorities have been used to promote the work of the Combined Authority and have been used to shape directorate and team priorities as part of the business planning process.

2.5 At the last meeting of the Finance, Resources and Corporate Committee these priorities were reviewed in the light of the extent of the changes to the powers, functions and governance of the Combined Authority during 2021. The devolution deal, the pandemic and the police and crime team becoming part of the Combined Authority have led to different areas of focus and new priorities. The Committee considered how alignment could be improved between the outcomes we are trying to achieve, the corporate priorities, the committees, the investment priorities, our business planning, reporting, and performance management and has made a number of suggestions which are being incorporated into a proposal for the next meeting of the Combined Authority.

#### **Budget 2022/23**

- 2.6 Work has been underway over the last few months to establish the 2022/23 budget. This work has been overseen by the Finance, Resources and Corporate Committee (FRCC) which has been meeting regularly to consider the challenges and the assumptions on which to base a proposed budget. These are considered further in the following paragraphs.
- 2.7 The latest draft revenue budget is attached in summary form as **Appendix 4** and has a revenue funding gap of £2 million and work is continuing to refine estimates, update assumptions and endeavour to present a balanced position for next year.
- 2.8 The uncertainties of bus funding and the recovery of the bus industry present major challenges. The Combined Authority has worked successfully with bus operators over the last 18 months to ensure a stable network that has met the changing needs of the public over the months of the pandemic. This has been sustained by maintaining existing payments to the bus operators with lost fares income supplemented by government grants. As the funding model from government changes and the bus industry responds to ongoing change there is a high risk that the bus operators will seek to meet increasing costs and reduced income by withdrawing services or increasing tender prices. The transport levy used to support concessionary reimbursement and tendered services will not be able to meet increased demands from bus operators. There is concern that without continuing government support to the industry there are likely to be changes to the local network which will be left to the Combined Authority and partner authorities to manage.
- 2.9 As a result the FRCC supports the continuation of the transport levy at the same level as at its existing level. This would support the priority of improved bus services, acknowledging in the current financial environment that increasing the levy would be too difficult for local authorities. The commitment to keeping it at the existing level is a strong statement that recognises the importance of improving the public transport provision in West Yorkshire. The transport levy funds both transport services and provides the funding for the borrowing costs to meet the local contribution for the West Yorkshire plus Transport Fund
- 2.10 The Combined Authority has succeeded in making some small reductions in the concessionary reimbursement during the pandemic and it is recognised that this is likely to be difficult to sustain in the short to medium term. It is expected that concessionary patronage will slowly continue to increase – reimbursement is a combination of costs and volumes and both parts of that calculation are expected to change. Taken with the pressure on the tendered services budget set out above FRCC has considered and agreed the merits of ringfencing any savings from concessionary reimbursement for this year and next to meet the wider pressures on bus service provision, also recognising that the Bus Services Improvement Plan bid to government is unlikely to deliver the scale of funding required to improve the bus offer.

- 2.11 The budget includes a number of assumptions that need to be considered and agreed. The Comprehensive Spending Review did not provide the expected clarity on a number of funding positions, including mayoral capacity funding, UK Shared Prosperity Fund (UKSPF) and LEP funding from government for both the core services and the growth hub which is delivered in partnership with the West Yorkshire local authorities. At this stage the budget assumes that the LEP funding will not be forthcoming but that the West Yorkshire local authorities will continue to make their contributions of £650k. This will enable work to continue on the economic policy areas. In previous years the Growth Hub funding has been announced late in the financial year – the working budget assumption is that until this is clarified early next year the Combined Authority will carry this risk and staff funded in this way will not be put at risk of redundancy until next year at the earliest. It is hoped that during the first part of 2022 there will be clarity on LEP funding and UKSPF as well as some of the approvals for spending from the gainshare that may mean there is a clear funding route to continue to deliver on skills and business and the means to resource some or all of the existing team members.
- 2.12 The 2020/21 pay award is still outstanding, as the negotiations via the Passenger Transport Forum rely upon the conclusion of the local government pay award. At the time of writing Unison is balloting its local government members on strike action following the rejection of a 1.75% pay award. An assumption of 2% both this year and next has been built in to the budget position, in line with the approach being taken by the West Yorkshire local authorities, but it is noted that there is upward pressure on future awards.
- 2.13 It should also be noted that the Mayor has determined that she will not be proposing a general mayoral precept this year, recognising the cost of living crisis facing the residents of West Yorkshire.
- 2.14 The latest draft capital budget for 2022/23 and beyond is attached as **Appendix 3**. This shows the most recent future year forecast on spend and the known funding agreements / profiles. These figures are subject to change once the Combined Authority receives further details of Spending Review announcements, in particular the detail behind the City Region Sustainable Transport Settlement. The headline figure for this is £830 million over five years but there is a further process with Government to agree a business case which will clarify the funding, profiling and timing.

### Gainshare

- 2.15 In parallel with the budget process work is also underway to determine the most effective way to use the £38 million per year gainshare secured as part of the devolution deal. The Combined Authority has considered and agreed six investment priorities and the partnership work underway between the Combined Authority and the local authorities is focussing on the approach to using gainshare to deliver on these. Decisions on expenditure will be made by the Combined Authority, with assessment undertaken through the Assurance Framework. This will need to be mindful of inequalities across the region and ensure that the importance of place is recognised.

- 2.16 It is expected that gainshare will be prioritised against those priorities where no other funding source has been identified and that initial expenditure will be on revenue activities, either specific projects and interventions or developing capacity and building a project pipeline. As part of this opportunities to bring in other external funding to deliver the projects identified for the pipeline will be explored, acknowledging that the aspirations will be greater than the funding available.
- 2.17 The Finance, Resources and Corporate Committee considered the position emerging from the partnership work and discussed some possible programmes for each of the investment priorities and the outcomes that would need to be achieved at a West Yorkshire level for each of them. [...]
- 2.18 A number of principles applying to all gainshare funded expenditure have been developed to support this work:
- All funding approvals should use the assurance framework
  - All expenditure is publicly accountable to the Combined Authority
  - Projects and programmes must deliver the agreed measurable and specific outputs and outcomes within the approved funding envelope
  - Sponsors must provide regular monitoring and reporting on progress
  - Projects and programmes must be net additional to core business.
- 2.19 These were considered and supported by the Finance, Resources and Corporate Committee at its last meeting.
- 2.20 In support of this work a review of how the assurance framework could be applied in different funding scenarios is being undertaken, aimed at simplifying the route through the appraisal process and ensuring a focus on effective and efficient delivery.
- 2.21 Work will continue on the use of gainshare with the intention that some indicative approvals could be brought to the next meeting of the Combined Authority.

## Draft business priorities for 2022/23 by directorate

<b>Strategy, Communications &amp; Policing</b>
<ul style="list-style-type: none"> <li>• Revise the West Yorkshire Vision and Corporate Objectives in line with the Mayor’s Pledges.</li> <li>• Continue to develop and implement the Investment Strategy</li> <li>• Develop and lead on Inclusive Growth policy, including the Fair Work Charter and Inclusivity Champion.</li> <li>• Develop a regional strategy approach to UK Shared Prosperity Fund</li> <li>• Develop and embed an Equalities Action Plan</li> <li>• Restructure of the communications team to strengthen the marketing and communications department</li> <li>• Deliver a strong reputation management programme to raise the profile of the Mayor and the MCA’s work.</li> <li>• Provide a high quality, responsive consultation and engagement function to the organisation and partners</li> <li>• Branding and identity review to consider overall house of MCA brands.</li> <li>• Continue to monitor and report on the Economic and Transport Recovery Plans</li> <li>• Increase the internal and external visibility of the CA’s core evidence products supporting the needs of the Mayor, CA Committees, stakeholders and partners.</li> <li>• Further enhance monitoring and evaluation capability cascading lessons learned from the Growth Deal and Transport Fund.</li> <li>• Establish new Strategic Transport Modelling function.</li> <li>• Lead the annual monitoring, evaluation and impact reporting of progress across the SEF priorities through the production of annual State of the Region Report.</li> <li>• Commission targeted services to increase community safety and support victims of crimes and work with community safety/criminal justice partners to ensure joined up local priorities</li> <li>• Ensure meaningful and inclusive engagement on national policing and crime issues.</li> <li>• Evidence led approach to identifying, understanding and responding to, tackling and reducing serious violence.</li> </ul>
<b>Policy &amp; Development</b>
<ul style="list-style-type: none"> <li>• Continued development of transport policies, strategies and the pipeline of transport schemes</li> <li>• Bringing buses back into public control, introduce simpler fares, contactless ticketing and greener buses</li> <li>• Further Development of the case for Mass Transit</li> <li>• Transport Decarbonisation, implementing the Future Mobility Strategy and development of cycling and walking plans</li> <li>• Continue to make the case for, and influence the design of, rail service changes, including working with Great British Railways</li> </ul>

- Develop pipelines of interventions to support Mayoral pledges on business support, jobs, and skills and training.
- Deliver and review the Economic Recovery Plan
- Implement recently adopted strategies: Productivity, Trade, Employment and Skills, and HealthTech.
- Support Mayoral Taskforces: Manufacturing, Green Jobs and Digital.
- Review Cultural Framework and develop the Creative New Deal.
- Deliver the first priorities of the Climate and Environment Action Plan
- Develop approach to regional strategic planning in the context of national planning reforms
- Develop a new Housing Strategy.
- Deliver the Housing Revenue Fund, and oversee Mayor's housing pledge.
- Continue delivering recommendations from the Flood Review and continually develop pipeline of interventions.

### **Delivery**

- Embed the 2021 revised assurance process to support the MCA's Assurance Framework and the investment priorities
- Embed the assessment of carbon and wider climate change impacts into programme and project appraisal
- Strengthen the assessment of equality, diversity and inclusion and inclusive growth into programme and project appraisal
- Strengthen our approach to assessing value for money in non-transport infrastructure investment propositions
- Conclude closedown of legacy programmes including: Getting Building Fund, Growth Deal economic programme and Broadband Contract 2
- Complete delivery of superfast broadband connectivity through Contract 3
- Enable affordable and sustainable housing developments through Year 3 activity of the Brownfield Housing Fund.
- Continue to work with partners to progress the business case for the British Library North project
- Establish emerging programmes e.g. Social Housing Decarbonisation Fund, Community Renewal Fund, Project Gigabit, Flood Resilience, Langthwaite EZ
- Continued delivery of the West Yorkshire Plus Transport Fund portfolio, LTP schemes and active travel/clean growth initiatives.
- Support partners with delivery resources and recruitment - capacity and capability to deliver
- Oversee the City Region Sustainable Transport Settlement programme and work with partners on definition and delivery of schemes
- Continue development and delivery of the TCF programme.
- Continue to develop and deliver the West Yorkshire Network Navigation programme.

### **Economic Services**

- Support firms to recover, build resilience and grow in response to the ongoing impacts of COVID-19 and EU Exit
- Implement a new Business Productivity Programme

- Deliver a revised and refreshed Growth Service model reaching a more diverse range of SMEs
- Continue to build and promote the City Region innovation support ecosystem
- Deliver the devolved Adult Education Budget for West Yorkshire, ensuring it meets local needs
- Support people to access employment opportunities and/or to re-train,
- Improve the attainment, ambition and destinations of our most disadvantaged young people by working closely with schools and colleges
- Encourage and support more businesses to sell their products in international markets and galvanise the regional export support
- Raise the international profile of the Leeds City Region economic opportunities via strategic economic development and industry forums
- Contribute to the ongoing growth of the Creative & Digital Sector through the Creative Catalyst Programme

### **Transport & Property Services**

- Evolving the MCard mobile app to be the primary transport app in West Yorkshire
- Adapting customer information to support changes in travel behaviour
- Further development of the Fare Deal for Young People
- Review and modernise customer contact centres and travel centres
- Support place shaping aspirations and maximising commercial potential
- Reducing carbon generation from the Combined Authority's assets
- Leading a programme of transport asset renewal works as part of CRSTS delivery
- Managing the impacts of Covid on the bus network
- Working with District partners to improve bus network reliability and bus journey times
- Delivery of the BSIP Network Plan

### **Corporate & Commercial Services**

- Continue to deliver a wide range of business-as-usual financial, HR, legal, Governance, procurement, internal audit and ICT services, ensuring efficiency and compliance.
- Further embed aspects of the Police & Crime function into the MCA's corporate governance.
- Implement the new Integrated Corporate Systems (ICS) to deliver modern updated HR and financial systems.
- Review and develop recruitment policy and toolkit to further incorporate EDI into all stages of recruitment and identify opportunities to engage with underrepresented groups
- Develop the Learning and Development offer at an organisational, directorate and individual level.
- Develop further the apprenticeship strategy and identify opportunities for targeting apprenticeships to underrepresented group or skill gap/shortage skill areas

- Support the employee networks in ensuring the diversity action plans are implemented and targets achieved
- Complete the negotiations on revised terms and conditions and contracts of employment
- Increase social value benefits from procurement.
- Further enhance cyber security and risk management for ICT services
- Support and technical management of the Yorkshire wide real time information system
- Deliver an annual assurance programme that is risk based and provide an opinion on the effectiveness of controls, governance and risk management

<b>Capital Expenditure</b>	2021/22	2022/23	2023/24	2024/25
	£	£	£	£
Growth Deal - Economic Development	480,329			
West Yorkshire plus Transport Fund	86,025,688	102,395,761	115,196,453	117,555,161
Leeds Public Transport Investment Programme (LPTIP)	45,270,442	368,755		
Transforming Cities Fund	43,230,653	125,893,508	125,000,000	110,790,642
Integrated Transport Block / Highways Maintenance / Challenge Fund	52,450,545	4,281,941	225,446	
Corporate Projects	4,038,709	2,609,900		
Broadband	4,363,915	1,007,792		
Land Release Fund & One Public Estate	1,028,993			
Getting Building Fund	44,557,357			
Brownfield Housing Fund	19,955,552	29,178,719	14,000,000	3,000,000
Emergency Active Travel Fund (Revenue and Capital)	7,805,868			
British Library North	151,414	3,803,586	8,482,333	12,562,667
Other (inc. Business Accelerator Fund, Clean Bus)	1,000,000	3,070,000	2,289,000	3,702,000
New Station Fund	2,000,000	10,000,000		
<b>A - Total Capital Spend</b>	<b>312,359,465</b>	<b>282,609,962</b>	<b>265,193,232</b>	<b>247,610,470</b>

<b>Capital Funding</b> <b>(includes c/fwd from 2020/21)</b>	2021/22	2022/23	2023/24	2024/25
	£	£	£	£
Growth Deal / Transport Fund	(63,128,837)	(50,450,000)	(50,450,000)	(50,450,000)
Leeds Public Transport Investment Programme (LPTIP)	(44,685,761)			
Broadband	(6,543,641)			
Getting Building Fund	(44,557,357)			
Emergency Active Travel Fund	(7,805,868)			
Land Release / One Public Estate	(1,028,993)			
Integrated Transport Block, Highways Maintenance / Pothole (DfT)	(57,991,550)			
Transforming Cities Fund	(169,124,161)	(137,519,145)		
Brownfield Housing Fund	(19,955,552)	(29,178,719)	(14,000,000)	(3,000,000)
British Library North	(25,000,000)			
New Station Fund	(2,000,000)	(10,000,000)		
Single Investment Fund - TCF Commitment	(19,000,000)	(9,500,000)	(9,500,000)	
Ringfenced Reserves	(1,268,273)			
Capital Receipts	(32,535,959)	(1,038,764)	(711,760)	(555,049)
Other	(2,626,242)			
	<b>(497,252,194)</b>	<b>(237,686,628)</b>	<b>(74,661,760)</b>	<b>(63,505,049)</b>

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Revenue Budget	FY Budget 22/23 £						FY Budget 22/23 £	FY Budget 23/24 £	FY Budget 24/25 £
	Corporate	Corporate Services	Delivery	Economic Services	Policy, Strategy & Comms	Transport & Property Services			
	<i>Lead Officer</i> Angela Taylor	Angela Taylor	Melanie Corcoran	Brian Archer	Alan Reiss/Liz Hunter	Dave Pearson			
Employee Costs	198,359	6,238,773	6,604,244	4,652,213	7,840,220	6,645,193	32,179,003	30,649,229	30,440,555
Indirect Employee Costs	808,300	593,033	450	7,100	-	15,820	1,424,703	1,431,385	1,447,042
Premises Costs	-	-	-	-	-	6,542,217	6,542,217	6,535,598	6,688,624
Supplies and Services	432,100	100,636	500	2,626,114	712,336	779,770	4,651,455	5,166,842	3,986,543
ICT Related Costs	0	2,083,395	0	0	0	1,291,501	3,374,896	3,560,421	4,070,650
Travel, Subsistence & Transport Costs	10,000	312,447	12,106	72,150	18,000	32,990	457,693	419,378	418,780
Tendered Services	-	-	-	-	-	25,466,000	25,466,000	25,866,000	25,866,000
Concessions	-	-	-	-	-	53,750,000	53,750,000	53,750,000	53,750,000
Prepaid Tickets Costs	-	-	-	-	-	15,000,000	15,000,000	20,000,000	25,000,000
Grants and Agency costs	367,327	29,742	0	74,194,728	37,281	123,278	74,752,357	63,476,399	62,296,996
Consultancy and Professional Services	68,900	200,250	250,000	1,908,174	411,000	256,500	3,094,824	1,584,040	1,584,713
Financing Charges	7,063,000	-	-	-	-	158,657	7,221,657	7,109,657	6,928,660
Other (indicative approval and saving targets)	3,882,951	-	-	-	-	(412,269)	3,470,683	2,562,033	1,537,731
<b>Total Expenditure</b>	<b>12,830,938</b>	<b>9,558,275</b>	<b>6,867,300</b>	<b>83,460,479</b>	<b>9,018,837</b>	<b>109,649,657</b>	<b>231,385,487</b>	<b>222,110,983</b>	<b>224,016,293</b>
Capitalisation / Internal Recharges	(2,700,000)	(1,786,233)	(6,610,488)	(88,703)	(1,644,168)	(1,972,711)	(14,802,304)	(14,122,284)	(14,324,533)
Income (concession, departure, rent ect.)	-	-	-	-	-	(26,384,186)	(26,384,186)	(31,434,023)	(36,484,176)
Grant BSOG	-	-	-	-	-	(2,063,000)	(2,063,000)	(2,063,000)	(2,063,000)
Grant SRG	(447,500)	-	-	-	-	-	(447,500)	-	-
Grant LEP Specific Grants	(552,606)	-	-	-	-	-	(552,606)	(552,606)	(552,606)
Transport Levy	(92,198,000)	-	-	-	-	-	(92,198,000)	(92,198,000)	(92,198,000)
Other Grants - Revenue (Gainshare Projects)	(3,776,500)	-	-	(11,001,660)	(219,755)	-	(14,997,915)	(5,693,823)	(3,045,251)
Other Grants - Revenue (Capacity Gainshare)	-	-	-	-	-	-	-	(1,700,000)	(1,300,000)
Other Grants - Revenue (Mayoral Capacity Fundi	(500,000)	-	-	-	-	-	(500,000)	(500,000)	(500,000)
Other Grants - AEB	-	-	-	(64,154,905)	-	-	(64,154,905)	(62,999,141)	(62,999,060)
Other Grants - Projects	-	-	-	(5,847,526)	(114,189)	-	(5,961,715)	(897,200)	(206,185)
Income Enterprise Zone Receipts	(3,465,045)	-	-	-	-	-	(3,465,045)	(3,728,098)	(3,728,098)
Income Interest Received	(1,242,323)	-	-	-	-	-	(1,242,323)	(926,965)	(345,900)
Income Other	(333,000)	-	(256,812)	(1,118,684)	(513,624)	(545,613)	(2,767,733)	(2,300,686)	(2,239,695)
<b>Total Income</b>	<b>(105,214,975)</b>	<b>(1,786,233)</b>	<b>(6,867,300)</b>	<b>(82,211,478)</b>	<b>(2,491,737)</b>	<b>(30,965,510)</b>	<b>(229,537,233)</b>	<b>(219,115,827)</b>	<b>(219,986,505)</b>
<b>Net Expenditure Total</b>	<b>(92,384,037)</b>	<b>7,772,042</b>	<b>-</b>	<b>1,249,001</b>	<b>6,527,101</b>	<b>78,684,147</b>	<b>1,848,254</b>	<b>2,995,156</b>	<b>4,029,788</b>

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		<b>DRAFT</b>		<b>Approved</b>		<b>Actuals to date</b>	<b>Updated</b>		
		<b>Budget</b>	£m	<b>Budget</b>	£m	<b>to Nov 2021</b>	<b>forecast</b>	£m	<b>Notes/Explanations</b>
		<b>2022/23</b>		<b>2021-22</b>		<b>2021-2022</b>	<b>2021-2022</b>		
		<b>£m</b>		<b>£m</b>		<b>£m</b>	<b>£m</b>		
<b>Income</b>									
<b>Grants</b>									
Grant Bus Services Operators Grant (BSOG) - DfT		2.1		2.1		2.1	2.1		
Grant SRG - DfT		0.4		0.9		0.9	0.9		
Grant LEP Specific Grants - Constituent member councils		0.6		1.1		1.1	1.0		
Transport Levy - constituent member councils		92.2		92.2		61.5	92.2		
Other Grants - Revenue (Mayoral Capacity Funding)		0.5		1.3		1.3	1.3		
Other Income - Project Revenue (Gainshare Projects)		15.0		-			5.8		Matched by approved spend in Staff costs, Grants and Agency costs and Consultancy charges below
Other Income - Project Revenue (Adult Education Budget)		64.2		42.0		21.3	42.3		
Other Income - Project Revenue (ERDF, ESF, AGE ect.)		6.0		14.6		7.8	14.6		
Other Income - Revenue (Capacity Gainshare)		-	180.9	1.8	155.8	1.8	1.8	161.9	
<b>Transport and Property Income</b>									
Pre Paid Ticket Income		15.0		13.5		9.0	13.5		
Concessions Income		0.2		0.2		0.0	0.2		
Tenants Income		1.5		1.5		1.3	1.4	*	Drop in income due to Covid19 - impact on bus station & bus services income, departure fees in arrears
Departure Fees Income		1.4		1.5		0.8	1.5		
Sales and Advertising Income		0.9		0.9		0.0	0.9		
Parking Income		0.0		0.0		0.0	0.0		Forecast slightly under budget - time delay in billing
Education Income / School transport for LEAs		7.3	26.4	7.2	24.8	2.6	6.8	24.3	
<b>Operational Income</b>									
Income Enterprise Zone Receipts		3.5		3.2		1.3	3.0		Income in arrears
Income Interest Received		1.2		0.8		0.3	0.8		
Income Other		2.8	7.5	2.5	6.5	1.0	3.6	7.4	Bus stations, T&I, BS, Research&I; S106
<b>Capitalisation Income</b>			12.9		12.1			12.3	See separate appendix for capitalisation
Internal Recharges			1.9		1.9		1.9	1.9	Prepaid ticket pool
<b>Total Income</b>			<b>229.5</b>		<b>201.1</b>			<b>207.8</b>	
<b>Expenditure</b>									
<b>Employee Costs</b>									
Corporate		0.2		0.4		0.8	1.2		Total payroll costs - include posts funded by capitalisation income £9.3m; specific project income £5m; AEB £1m and MCA capacity funding above.
Corporate Services		6.2		5.4		3.3	4.8		
Delivery		6.6		6.4		3.4	5.1		
Economic Services		4.7		4.6		3.1	4.7		
Policy, Strategy and Comms		7.8		6.1		3.9	5.9		
Transport and Property Services		6.6	32.1	6.7	29.7	4.1	6.2	27.8	
Indirect Employee Costs		1.4		1.6		0.7	1.8	*	Includes recruitment, training and apprenticeship levy ect.
Premises Costs		6.6		6.3		3.5	6.7		
Supplies and Services		4.6		4.9		2.5	5.4		*ICT costs include software, hardware, licenses due to more staff; running costs of improved systems and security
ICT *		3.4		2.9		2.1	3.5	*	
Travel Subsistence and Transport		0.5	16.5	0.3	15.9	0.3	0.6	18.0	
<b>Tendered Services'</b>									
Bus Operator Payments - Access		2.3		2.3		1.6	2.4		Includes Educational Taxis, access buses
Bus Operator Payments - School		9.4		9.4		8.1	10.0		
Bus Operator Payments - Non School		13.8	25.5	13.8	25.5	10.8	14.1	26.5	
<b>Concessions'</b>									
Concessions ENCTS		44.2		44.2		29.4	42.4		51.7
Non-Statutory - Young Persons		9.6	53.8	9.6	53.8	6.4	9.3		
Prepaid Ticket Costs - Bus operators			15.0		13.5	9.0	13.5	13.5	
<b>Grants and Agency Costs</b>									
Adult Education Budget (AEB)		61.9		43.3		20.7	43.3		Timing - current spend is £24m
Gainshare Emp Hub - Gainshare Reallocation		3.9		1.9		-	1.9		
Gainshare Adult Trng - Gainshare Reallocation		4.1		2.8		0.7	2.8		
Exploring Enterprises - Gainshare Reallocation		0.4							
High Growth Start Up - Gainshare Reallocation		0.4							
Business Start Up Pogramme - Gainshare Reallocation		1.6							
Other Project activities (SBG/ESF ERDF)		2.5	74.8	0.9	48.9	6.2	6.3	54.3	Approved in year matching grants above
Professional Charges and other consultancy		0.6		0.6		0.3	0.6		Treasury; asset management; audit; legal; R&I
Consultancy and Professional Charges-projects (SBG/ESF ERDF/HRF)		2.5	3.1	6.4	7.0	4.8	6.1	6.7	Project activities, coding
Financing Charges			7.2		7.0			6.9	£3.2m Interest & £3.8m MRP
*Other'			3.5						* £3.8m indicatively approval in 2022/23
<b>Total Expenditure</b>			<b>231.4</b>		<b>201.2</b>			<b>205.3</b>	
<b>Projected Deficit/(Surplus)</b>			<b>1.9</b>		<b>0.1</b>			<b>(2.5)</b>	

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<b>District Council levies 2022-23</b>						
	Relevant Population June '20 for 2022/23	Net 2021/22 £	Gross 2022/23 £	% of levy By District %	Refund 2022/23 £	Net 2022/23 £
Bradford	542,128	22,921,244	23,809,633	23.12%	906,110	22,903,523
Calderdale	211,439	8,759,653	9,286,156	9.02%	561,025	8,725,131
Kirklees	441,290	17,923,697	19,380,945	18.82%	1,483,846	17,897,099
Leeds	798,786	33,083,203	35,081,754	34.06%	1,960,125	33,121,629
Wakefield	351,592	15,212,791	15,441,513	14.99%	188,305	15,253,207
	<u>2,345,235</u>	<u>97,900,588</u>	<u>103,000,000</u>	<u>100.00%</u>	<u>5,099,411</u>	<u>97,900,588</u>

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**Gainshare - Tracker**

	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	Funding Type	Status	Approval
Allocation - Revenue	(28,500,000)	(28,500,000)	(28,500,000)	(28,500,000)	(28,500,000)			
Allocation - Capital	(9,500,000)	(9,500,000)	(9,500,000)	(9,500,000)	(9,500,000)			
<b>Funding Committed:</b>								
MCA Ready (predominantly 2021 election costs)	3,000,000	1,750,000				Revenue	Full Approval	6 February 2020 and 4 February 2021 - Combined Authority
Support for COVID Local Authority Economic Recovery Plans	5,000,000					Revenue	Full Approval	4 February 2021 - Combined Authority
[Re]boot (adult re-skilling programme)	6,000,000					Revenue	Full Approval	3 February 2021 - Investment Committee
Employment Hub (employment brokerage programme)	7,500,000					Revenue	Full Approval	3 February 2021 - Investment Committee
Economic Recovery - Entrepreneurship programme (encouraging individuals to establish their own enterprise)	6,000,000					Revenue	Full Approval	8 June 2021 - Investment Committee
Economic Recovery - Health Innovation (collaboration towards a 'virtual healthtech cluster)	200,000					Revenue	Full Approval	8 June 2021 - Investment Committee
Economic Recovery - Net Zero Region Accelerator (accelerate measures to tackle the climate emergency)	800,000					Revenue	Full Approval	8 June 2021 - Investment Committee
Transforming Cities Fund - High Scenario	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	Capital	Indicative Approval	27 July 2020 - £140m indicatively approved, with some amounts being fully approved as the projects come forward*
Creative New Deal		310,000				Revenue	Full Approval	22nd October 2021 - Combined Authority
Beyond Bronte programme		190,000				Revenue	Full Approval	22nd October 2021 - Combined Authority
Begin Bus Franchising assessment incl legal & commercial advice		1,000,000				Revenue	Full Approval	6th January 2022 - Combined Authority
Develop and embed Fair Work Charter		200,000	200,000	200,000		Revenue	Full Approval	3rd Nov 2021 - Combined Authority
Green Jobs Taskforce and Gateway		500,000				Revenue	Full Approval	22nd October 2021 - Combined Authority
Support Local Business (programme development)		500,000				Revenue	Full Approval	3rd Nov 2021 - Combined Authority
Inclusivity Champion role and inclusive growth pipeline development		100,000	150,000	150,000		Revenue	Indicative Approval	29th July 2021 - Combined Authority
Greener Together - in response to the West Yorkshire CRF.		306,604					Indicative Approval	9th December 2021 - Combined Authority
<b>Approved/allocated to date</b>	<b>38,000,000</b>	<b>14,356,604</b>	<b>9,850,000</b>	<b>9,850,000</b>	<b>9,500,000</b>			

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## Treasury Management Strategy Statement

- 1 This statement sets out the Treasury Management Strategy for 2022/23 and limits under the prudential framework. It has been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice 'Treasury Management in Public Services' which is re-adopted each year by Members of the Combined Authority. The statement and its implementation are currently updated twice annually in the final accounts and budget reports and also reviewed quarterly at Treasury Management meetings with any key findings reported to the Governance and Audit Committee.
- 2 The Combined Authority is required to operate a balanced budget. In particular, as a Local Authority, it must calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that capital expenditure must be limited to a level where increases in charges to revenue from additional external interest and running costs are affordable within the projected income levels for the foreseeable future.
- 3 The Local Government Act 2003 and Local Authorities (Capital Finance and Accounting) Regulations 2003 set out the system of capital finance to be followed by all local authorities from 2004. This appendix is intended to take account of the requirements of the regulations and to set them in the context of the Treasury Management Code of Practice. It also takes into account the risk appetite of the Combined Authority in this regard and the focus on ensuring security of the funds is set out further in section 13.
- 4 The treasury management arrangements must encompass all activities undertaken by the Combined Authority. This treasury strategy recognises the borrowing necessary to fund the capital programme requirements of both the General Fund (Combined Authority excluding policing) and the Police Fund. It should be noted that the decision making arrangements will differ for these two elements with the revenue costs of borrowing being included within the revenue budgets of the general fund and police fund accordingly.
- 5 For the Combined Authority non-policing activity borrowing is required to support the delivery of the full West Yorkshire plus Transport Fund and to support corporately determined schemes for which no capital resource other than borrowing has been identified. In addition, local funding has been committed to the Transforming Cities Fund and the arrival of gainshare funding provides an income stream which could be used to support borrowing. Estimates of the likely funding required are set out in the capital annex below and further work is underway to ensure there is a full robust programme of delivery for all schemes that will enable the borrowing requirements for future years to be fully understood. The short term borrowing requirement is likely to be offset as external investments are internalised to reduce counterparty risk implicit within external investments. Work underway to utilise gainshare is also expected to impact on the future capital programme and the extent of any borrowing required. Borrowing is also required to support the delivery of policing in West Yorkshire, with a range of projects in development.

## Treasury management activity – borrowing and investments

<b>Total Loans outstanding at 01/4/2021</b>	<b>£m</b>
Fixed term	75.0
<u>Activity during 2021/22:</u>	
Fixed term loans- Police Fund loans transferred in 10 May 2021	74.7
Loan repayment - CA General Fund	0.0
Loan repayment - Police Fund	-0.3
Net movement in temporary loans - CA General Fund	0.0
Net movement in temporary loans - Police Fund	0.0
<b>Anticipated total loan outstanding at 31/03/2022:</b>	<b>149.4</b>
<u>Activity expected during 2022/2023:</u>	
New borrowing for the Capital Programme - CA General Fund	0.0
New borrowing for the Capital Programme - Police Fund	0.0
Borrowing repaid - CA General Fund	0.0
Borrowing repaid - Police Fund	-0.6
<b>Anticipated loans outstanding at 31/3/2023</b>	<b>148.8</b>
<b>Total Investments</b>	
Investments at 01/04/2021	345.0
Investment - Police Fund transferred in 10 May 2021	53.1
Net of new Investment in year - CA General Fund	153.5
Net of new Investment in year - Police Fund	55.3
<b>Anticipated CA General Fund investment placed at 31/03/2022</b>	<b>498.5</b>
<b>Anticipated Police Fund investment placed at 31/03/2022</b>	<b>108.4</b>

- 6 The start of 2021 saw little change with the Covid-19 pandemic continuing to have an impact for 2021/22. Interest rates have remained low throughout 2021, however on 16th December the Bank of England unexpectedly raised rates by 0.15% to 0.25%. Further increases are expected during 2022/23 with the next increase expected in May 2022 although the economic impact of the Omicron variant will be watched closely and will affect the timing of this decision. Increases beyond 2022 are expected to be measured as the economy recovers to pre-pandemic levels. The impact of Brexit has been masked by the pandemic but this also continues to be a factor as this also impacts on economic performance. Opportunities to refinance loans remains limited and the returns available on investments still remain low due to the current low level of base rate.
- 7 Leeds City Council undertakes the monitoring of the financial markets on behalf of the Combined Authority. The agreed policy is to seek to minimise the rates at which the Combined Authority borrows and to continue to refinance any longer term loans if rates appear advantageous.
- 8 No such opportunities have arisen so far in 2021/22. The Combined Authority has a loan portfolio with historically competitive rates and the economic climate has been such that there have been no suitable opportunities identified for refinancing.

- 9 The business planning and budget report sets out the estimated requirement for borrowing to supplement the capital grants received. The calculations in the annex demonstrate how this works through the capital financing requirement and set out the financing costs which are then included within the appropriate revenue budget.
- 10 The Combined Authority has continued with its accountable body responsibilities for the Leeds City Region Enterprise Partnership (LEP). This has meant increased funding being paid to the Combined Authority for example for example in relation to Growth Deal funding and has led to the changes agreed during previous years to enable these larger sums to be better managed. Over the past three years the limits and counterparties have been kept under regular review to ensure the sums available for investment are able to be placed appropriately. The Authority has a portfolio of investments in Fixed deposits but also keeps an element of liquid cash in call/notice accounts to manage day to day cashflow needs. For longer term deposits the selected counterparties are constantly monitored and meet the strict eligibility criteria stipulated under Leeds City Council's investment policy which has been adopted by the Combined Authority. This approach will continue during 2022/23 with an expectation that the Combined Authority will continue to have high cash balances to invest due to the advance payment of capital and other grant funding. Within the existing policy the Combined Authority can also invest in money market funds and this opportunity may also be taken to enable effective management of what is expected to be further significant cash advances of Transforming Cities Funding, Brownfield Housing, Adult Education Budget, City Region Sustainable Transport Settlement and other capital funding initiatives under the Mayoral Combined Authority in 2022/23, including the £38 million annual gainshare payment.
- 11 The general level of borrowing and investments is handled efficiently by Leeds City Council and has produced a situation where the Combined Authority has, in relative terms, very low borrowing costs. Regular meetings are held with the Leeds City Council staff who undertake treasury work for the Combined Authority under the terms of a signed service level agreement, and these meetings ensure a satisfactory level of control and monitoring is achieved. These meetings also consider the overall treasury management strategy and ensure that the policies in place continue to be appropriate to ensure that the Combined Authority's funds are managed to provide security and liquidity. A similar arrangement is in place for the policing funds, with support currently provided through Wakefield Council.
- 12 The Combined Authority has strict rules on investment criteria which are set out in paragraphs 13 to 15 for consideration and re-approval. These are set to minimise the risk to the Combined Authority's funds but does also mean that interest earned on deposits is lower than taking a higher risk approach would be. It is therefore in the Combined Authority's interest to seek to utilise any cash balances to reduce the costs of long term borrowing and this policy will continue to be pursued to reduce external Counterparty risk.

### **Treasury Management Activity – Investments Criteria**

- 13 In general it is intended there should be no long term investments by the Combined Authority with any surplus cash being invested short term up to a maximum term of one year. The level of future investments will fluctuate on a short-term basis due to cash flow requirements but will be maintained as low as possible. Any investments undertaken by the Combined Authority follow the guidance of the Department for Levelling Up, Housing and Communities (DLUHC, formerly MHCLG) having regard to the concept of security, liquidity and then yield with emphasis being placed on the “return of funds” rather than the “return on funds”.
- 14 It is proposed that the existing policy of utilising external support for treasury management continues. At present this is provided by the Treasury Management Teams in Leeds City Council and Wakefield Council and it is expected that these services will continue to be provided by one of the local authority partners.
- 15 The Combined Authority has several rules in place for short term investments/borrowing, as set out below and that these should continue to be applied, with changes highlighted in bold below: -
- a. The Chief Finance Officer (Director for Corporate and Commercial Services) shall determine the amounts and periods.
  - b. The procedural document as approved for their Treasury Management Division by Leeds City Council shall be adopted in relation to the Combined Authority’s short-term investments encompassing the Council’s list of approved financial organisations and the maximum lending limits per organisation, as specified in that document from time to time.
  - c. No investment will be for a period exceeding 12 months other than with other local authorities and then only for a period not exceeding 36 months. The limits for each of the next three years are that for investments for a period greater than 364 days, that no more than £20 million will mature in each of 2022/23, 2023/24 and 2024/25.
  - d. Investments with Leeds City Council will not exceed £15 million, the interest rate for such deposits being agreed between the Chief Financial Officers of both organisations. This arrangement is a continuation of approved arrangements put in place some years ago to recognise the potential conflict of interest that could arise.
  - e. Investments with any one counterparty should not exceed £15 million
  - f. Investments with the Combined Authority’s bankers are specifically excluded from the limits set out, in recognition of the fluidity of such arrangements.
- 16 The proposals above would provide the flexibility for the Combined Authority to invest its surplus funds which, as they are expected to continue to increase, will become increasingly difficult to place on the market. As the capital programme progresses and new borrowing requirement increases it is anticipated that external investments will be internalised to fund this borrowing requirement

pending locking into long term funding and also reducing external Counterparty risk. The proposals are deemed low risk and are in accordance with the criteria applied by Leeds City Council to its treasury arrangements.

## **CONSULTATION ON THE PRUDENTIAL CODES**

- 17 During 2021 CIPFA began a consultation of the following codes and guidance documents:
- The Prudential Code for Capital Finance in Local Authorities
  - Treasury management in the Public Services Code of Practice and Cross sectoral Guidance Notes
  - Treasury management in the Public Services Guidance Notes for Local Authorities including Police bodies and fire and rescue authorities.
- 18 The first draft consultation closed in April 2021 after which a second consultation was undertaken after taking account of comments and feedback on the first consultation. This second consultation closed in November 2021. Following this the revised codes and guidance has been finalised and published on 20th December 2021 however this has introduced some timing issues resulting in the Codes being a “soft” launch. Recommendation from CIPFA is that these codes and guidance should be adopted at the earliest opportunity however given its close proximity to the budget and strategy setting process it is acknowledged that this may not be achievable for 2022/23.
- 19 The Codes and changes within them will be examined in detail and any changes will be considered and adopted once they have been fully identified and understood.
- 20 It should be noted that broad themes from the consultations were changes to:
- Investments primarily for yield.
  - Borrowing in advance of need primarily for yield
  - Introduction of new Prudential indicators (PI) in relation to investments
  - Introduction of a new PI called the Liability benchmark.
  - Changes to/removal of certain existing Prudential Indicators.
  - Changes to or redrafting of many sections of narrative to aid clarity or remove ambiguity.

## **PRUDENTIAL FUNDING ARRANGEMENTS**

- 21 The principal purpose of the prudential system is to allow authorities as much financial freedom as possible whilst requiring them to act prudently. There is no formal requirement arising from this to set government borrowing approvals but government retains the power to do so and it has determined that Combined Authorities are required to agree a debt cap with government. The Combined Authority has agreed the proposal from government of a limit on the Authority’s total long-term external debt at the end of 2021/22 of £248.3 million. This limit has been derived from the current agreed long-term investment plans of the authority including those investment required for provision of policing services, with some significant headroom to enable flexibility.

- 22 The debt cap operates on long-term external debt and does not limit capital spending funded from internal cash flow or short-term external debt (less than 1 year). The agreement will be reviewed in light of emerging initiatives, local or national, which have a material impact on the Combined Authority borrowing totals. Arrangements for 2022/23 will be agreed following the Government's conclusion of the Spending Review.
- 23 The projection of external debt figures outlined in this report falls well within the year end ceilings incorporated into the debt deal.
- 24 Irrespective of this cap restrictions are imposed through the CIPFA Prudential Codes which require every authority to set prudential indicators and limits and thus be satisfied that it can afford the results of its borrowing and to ensure investment is in line with its place making remit and not solely for financial yield. These limits, which must not be exceeded, must be formally agreed by the Authority before the start of each financial year.
- 25 The applicable codes governing our arrangements are the "Treasury management in the Public services – Code of Practice and the "Guidance notes 2021" and "The Prudential Code - for capital finance in Local Authorities 2021", as well as Treasury management in the Public Services Guidance Notes for Local Authorities including Police bodies and fire and rescue authorities 2021 which is now formally part of the CIPFA codes as well as recognising the DLUHC Investment guidance which has always had statutory underpinnings. In summary these Codes emphasise that local authorities must ensure that all its capital and investment plans and borrowing are prudent and sustainable. In doing so it will consider its arrangements for the repayment of debt and consideration of risk and the impact, and potential impact, on the authority's overall fiscal sustainability. While indicators for sustainability are required to be set over a minimum three year rolling period, indicators should be set in line with a capital strategy and asset management plan that is sustainable over the longer term.
- 26 A capital strategy should demonstrate that the Combined Authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. The Capital Strategy, last approved in April 2021, is reviewed and updated regularly, and will be reviewed alongside the West Yorkshire Investment Strategy in the first part of this year.
- 27 The Code requires full capital and revenue plans to be prepared for at least three years forward in order to assess the financial effects of the planned capital investment. In the Combined Authority the three year financial strategy is considered by Members on a regular basis and to ensure a level of affordability it is currently the policy that borrowing to meet capital expenditure will be limited to proposed levels. Restricting borrowing in this way ensures that all debt charges are covered by the Combined Authority through its levy on the Districts or through other confirmed income sources.
- 28 The capital programme is considered in detail earlier in this report. It should be noted that in accordance with the above, overall capital expenditure will be met firstly by grants and other resources leaving the balance to be met by borrowing.

- 29 There are significant levels of grant provided to the Combined Authority under a range of programmes and with the prospect of future funds through any successor programmes. Recognising the demands upon infrastructure investment it is proposed that other alternative methods of financing during the year remain under consideration as and when appropriate. The financial viability and value for money of such methods will require investigation and savings found within the budget to accommodate the costs involved. Members will be asked to approve any such methods before they are implemented.
- 30 The Combined Authority has in place a five year borrowing facility with the European Investment Bank (EIB) which provides a flexible financing offer to support the West Yorkshire Plus Transport Fund. Many of the schemes in the West Yorkshire plus Transport Fund meet the EIB funding criteria and this provides an attractive alternative to the traditional PWLB lending. The UK's withdrawal from the European Union does not preclude this arrangement taking place.
- 31 When Leeds City Council and the Combined Authority last reviewed the borrowing limits in the light of market rates they determined that they would allow the limit to be set at a level sufficient for the current year plus the equivalent of two years anticipated borrowing requirement which is derived from the capital allocations. This was intended to provide flexibility for fund management allowing borrowing to take place when rates are low rather than being tied into strictly annual borrowing.
- 32 The Annex initially creates limits set at the required level of borrowing for 2022/23 and 2023/24. To provide more flexibility in managing the funding operation it was previously agreed that approval be given to borrow to cover loan requirements for the current plus the following two years.
- 33 The attached Annex shows the calculation of the following prudential indicators:
- a. The ratio of debt charges to overall expenditure. This is not significant to the Combined Authority as it is effectively controlled through the level of the levy (as referred to above).
  - b. Gross external Borrowing requirement (Gross Debt and CFR). The gross borrowing requirement should not exceed the Capital Financing Requirement (CFR).
  - c. The operational boundary should reflect the maximum anticipated level of external debt consistent with budgets and cash flow forecasts. It should be seen as a management tool for on-going monitoring of external debt, and may be breached temporarily due to unusual cash flow movements.
  - d. The authorised limit represents the legislative limit on the Combined Authority's external debt under the Local Government Act 2003. It should be set with sufficient headroom above the operational boundary to allow flexibility for planned borrowing to be undertaken, in order for prudent treasury management decisions to be taken and temporary cash flow fluctuations to be managed.

- e. The Combined Authority is required to set upper and lower limits for the maturity structure of its borrowings. This is designed to limit the risk of exposure to high interest rates by restricting the level of maturing debt in any given year. The limits represent the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. It is proposed that these limits remain unchanged.
- 34 The Prudential Code requires Members to have an approved Treasury Management Policy (this is set out above) and to agree limits for variable and fixed rate loans. It is recommended that the maximum limit for variable rate loans continues to be set at 40% and the limit for fixed rate loans remains at 200%. This reflects the current position that arises from the increase in cash balances and investments resulting from an increase in advance grant funding.

## Indicative Capital Estimates

<u>Capital Expenditure</u>	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Growth Deal - Economic Development	480,329			
West Yorkshire plus Transport Fund	86,025,688	102,395,761	115,196,453	117,555,161
Leeds Public Transport Investment Programme (LPTIP)	45,270,442	368,755		
Transforming Cities Fund	43,230,653	125,893,508	125,000,000	110,790,642
Integrated Transport Block / Highways Maintenance /Challenge Fund	52,450,545	4,281,941	225,446	
Corporate Projects	4,038,709	2,609,900		
Broadband	4,363,915	1,007,792		
Land Release Fund & One Public Estate	1,028,993			
Getting Building Fund	44,557,357			
Brownfield Housing Fund	19,955,552	29,178,719	14,000,000	3,000,000
Emergency Active Travel Fund (Revenue and Capital)	7,805,868			
British Library North	151,414	3,803,586	8,482,333	12,562,667
Other (inc. Business Accelerator Fund, Clean Bus)	1,000,000	3,070,000	2,289,000	3,702,000
New Station Fund	2,000,000	10,000,000		
<i>Police capital programmes - Estate, ICT and Fleet&amp;Equipments</i>	25,182,000	45,847,000	23,866,000	14,258,000
<b>A - Total Capital Spend</b>	<b>337,541,465</b>	<b>328,456,962</b>	<b>289,059,232</b>	<b>261,868,470</b>

<u>Capital Funding</u> (includes c/fwd from 2020/21)	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Growth Deal / Transport Fund	(63,128,837)	(50,450,000)	(50,450,000)	(50,450,000)
Leeds Public Transport Investment Programme (LPTIP)	(44,685,761)			
Broadband	(6,543,641)			
Getting Building Fund	(44,557,357)			
Emergency Active Travel Fund	(7,805,868)			
Land Release / One Public Estate	(1,028,993)			
Integrated Transport Block, Highways Maintenance / Pothole (DFT)	(57,991,550)			
Transforming Cities Fund	(169,124,161)	(137,519,145)		
Brownfield Housing Fund	(19,955,552)	(29,178,719)	(14,000,000)	(3,000,000)
British Library North	(25,000,000)			
New Station Fund	(2,000,000)	(10,000,000)		
Single Investment Fund - TCF Commitment	(19,000,000)	(9,500,000)	(9,500,000)	
Ringfenced Reserves	(1,268,273)			
Capital Receipts	(32,535,959)	(1,038,764)	(711,760)	(555,049)
Other	(2,626,242)			
<i>Police capital funding - Grants</i>	(13,413,000)	(9,232,000)	(7,150,000)	(10,771,000)
<i>Police capital funding - Capital Receipts</i>	(4,403,000)	(2,379,000)	(2,200,000)	
	(515,068,194)	(249,297,628)	(84,011,760)	(74,276,049)
	(177,526,729)	79,159,334	205,047,472	187,592,421

NB:

Figures have been included for unapplied capital from previous years, capital receipts and other available sources.  
Balance to be funded by borrowing.

**Calculation of Prudential Indicators:**

	2021/22	2022/23	2023/24	2024/25
<b>AFFORDABILITY</b>	£000	£000	£000	£000
Ratio of financing costs to net revenue stream - CA General Fund				
Debt Charges	6,118	5,830	6,490	6,867
Levy	98,375	98,375	98,375	98,375
<b>Resultant ratio:</b>	<b>6.2%</b>	<b>5.9%</b>	<b>6.6%</b>	<b>7.0%</b>
Ratio of financing costs to net revenue stream - Police Fund				
Debt Charges	3,867	3,810	3,747	3,678
Net revenue stream - precept	138,222	146,941	155,117	163,443
<b>Resultant ratio:</b>	<b>2.8%</b>	<b>2.6%</b>	<b>2.4%</b>	<b>2.3%</b>

**PRUDENCE**

Net external borrowing does not exceed the total of capital financing requirement in previous year plus the estimate of any additional financing requirement for the current and later years.

	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000
Loans outstanding at 1 April - CA General Fund	75,000	75,000	75,000	75,000
Gross Market and PWLB Debt at 1 April - Police Fund	74,407	73,761	88,052	87,274
Total Loans outstanding at 1 April	149,407	148,761	163,052	162,274
Estimate of Capital Financing Requirement (CFR) - CA General Fund	77,594	101,350	152,214	212,905
Estimate of Capital Financing Requirement (CFR) - Police Fund	98,961	103,957	135,710	147,596
Additional borrowing requirement in year - CA General Fund	27,416	54,556	64,746	125,377
Additional borrowing requirement in year - Police Fund	7,366	34,235	14,516	3,487
Less debt repayments in year - CA General Fund	-3,660	-3,692	-4,055	-3,641
Less debt repayments in year - Police Fund	-2,370	-2,482	-2,630	-2,760
Estimate of (CFR) 31 March - CA General Fund	101,350	152,214	212,905	334,641
Estimate of (CFR) 31 March - Police Fund	103,957	135,710	147,596	148,323
Total Estimate of (CFR) 31 March	<b>205,307</b>	<b>287,924</b>	<b>360,501</b>	<b>482,964</b>
<b>Calculated Operational Boundary</b>	<b>174,000</b>	<b>173,830</b>	<b>187,706</b>	<b>261,915</b>
Safety factor	297,238	352,003	366,487	312,000
<b>Forecast Authorised Limit</b>	<b>471,238</b>	<b>526,000</b>	<b>554,000</b>	<b>574,000</b>

Maturity of Loan Structure	Minimum	Maximum	CA General Fund	Projected 31/03/2023	Police Fund	Projected 31/03/2023
Loans up to 1 year	0%	30%	0	0%	0	0%
Loans between 12 and 24 months	0%	20%	0	0%	0	0%
Loans between 24 months and 5yrs	0%	50%	0	0%	0	0%
Loans between 5 and 10 years	0%	75%	0	0%	4,860,687	7%
Loans between 10 and 20 years			0	0%	0	0%
Loans between 20 and 30 years			0	0%	51,900,000	70%
Loans between 30 and 40 years	25%	100%	50,000,000	67%	0	0%
Loans between 40 and 50 years			15,000,000	20%	17,000,000	23%
Loans 50 years +			10,000,000	13%	0	0%
			75,000,000	100%	73,760,687	100%

The Police Fund CFR excludes other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, these types of scheme include a borrowing facility and so it is not required to separately borrow for these schemes.

## Reserves Policy Calculation

The reserves calculation is used to set a level of reserves required to support the core functions of the Combined Authority and known emerging financial risks, including for 2022/23 the potential further impact of Covid19. The % contingency on key budget lines was designed to represent the risk of factors such as inflation, implementation of new capital projects and the risk of not realising savings.

<b>Reserves Policy</b>	<b>Budget 2022-23 £m</b>	<b>Reserves 2022-23 £m</b>
<b>Risk on Concessions</b>	53.80	
5% contingency for volatility of payments and bus operator landscape risks		2.69
<b>Risk on Subsidised Bus services (gross)</b>	25.87	
10% contingency due to inflationary and market conditions due to COVID-19		2.59
<b>Risk (general) on other areas of spend</b>		
Passenger & Bus Station Services (net)	8.83	
Trade and Inward Investment	1.37	
Policy, Strategy and Communications	6.53	
Financing (net)	5.82	
Corporate Services	<u>7.77</u>	
	30.32	
Risk of inflation increases/capacity demands etc at 5% (previously 3%)		1.52
<b>Other Risks 2022/23 (Covid19, operational matters)</b>		1.00
<b>Risk on income</b>		
Risks arising due to lack of certainty on future funding		1.00
Risk that budgeted income falls short of expectations due to COVID-19)		1.50
<b>Total reserves required</b>		<u><b>10.29</b></u>

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**Report to:** Corporate Scrutiny Committee

**Date:** 21 January 2022

**Subject:** **Corporate Scrutiny Work Programme 2021/22**

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**Director:** Angela Taylor, Director of Corporate & Commercial Services

**Author:** Khaled Berroum, Statutory Scrutiny Officer

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## **1. Purpose of this report**

- 1.1 To note the Corporate Scrutiny Work Programme for 2021/22.
- 1.2 To consider any additional agenda items, formal referrals to scrutiny, reviews, call in, and any other tasks, issues or matters the Committee resolves to undertake or consider further.

## **2. Information**

### **Scrutiny Work Programme**

- 2.1 The Work Programme outlines the work the Committee has resolved to undertake, investigate further and focus on in the current municipal year (June 2021 – June 2022) within the resources, remit and powers available to it.
- 2.2 The work programme is set at the beginning of the year and, as a live document, is considered at each meeting where it can be amended and changed as the year progresses.

### **Referrals to scrutiny**

- 2.3 Under Scrutiny Standing Order 7, any Scrutiny Member, any Combined Authority Member or any elected Member of a West Yorkshire council (or the City of York Council) may formally refer a matter to the Committee for consideration. The referral must be in writing to the Statutory Scrutiny Officer. The Committee must then consider and discuss the referral and respond to the referrer explaining whether or not it will consider the matter further and why.
- 2.4 There are no formal referrals for this committee to consider.

## **Agenda items and topics for consideration 2021/22**

- 2.5 At the first committee meeting of the year in September, members considered the Combined Authority's corporate priorities and plan alongside the Mayor's Pledges and, following further questions and discussions with senior officers, discussed a number of possible topics and items to consider further this year.
- 2.6 The resultant work programme was adopted at the previous meeting in November and is attached at **Appendix 1**. The document also includes the topics to be considered by the other two scrutiny committees so that scrutiny members are always aware of what work the other scrutiny committees are undertaking.

### **Key decisions and call in**

- 2.7 Scrutiny members may call in any decision of the Mayor, Combined Authority, a decision-making committee and any key decisions taken by an officer (with the exception of urgent decisions). Key decisions are defined as any decision incurring a financial cost or saving of £1 million or more, or a decision likely to have a significant effect on two or more wards.
- 2.8 Decision-makers have two days to publish notice of a decision, at which point scrutiny members have five working days to call in the decision, delaying its implementation, and formally requiring the decision maker to reconsider.
- 2.9 Any five scrutiny members – including at least one member from two different constituent councils (West Yorkshire) – may call-in a decision by notifying the Statutory Scrutiny Officer in writing by 4.00 pm on the fifth working day following publication of a decision notice. The relevant scrutiny committee then has 14 days to meet and scrutinise the decision and make any recommendations. Further information is set out in Scrutiny Standing Order 14.
- 2.10 The latest key decisions and forward plans of key decisions are published and available for viewing on the [key decisions section of the Combined Authority's website](#).

### **Actions for the Statutory Scrutiny Officer**

- 2.11 As outlined in Scrutiny Standing Order 17, the statutory scrutiny officer provides support to a scrutiny committee's work programme and all scrutiny members in exercising their scrutiny duties and fulfilling their objectives.

### **Changes in membership since the last meeting**

- 2.12 Since the last meeting, the following changes in membership have occurred:
- Cllr Susan Lee-Richards (Kirklees, Greens) has been appointed as the substitute to Cllr Andrew Cooper (Kirklees, Greens).

**3. Tackling the Climate Emergency Implications**

3.1 There are no climate emergency implications directly arising from this report.

**4. Inclusive Growth Implications**

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

**5. Equality and Diversity Implications**

5.1 There are no equality and diversity implications directly arising from this report.

**6. Financial Implications**

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

**7. Legal Implications**

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

**8. Staffing Implications**

8.1 There are no staffing implications directly arising from this report.

**9. External Consultees**

9.1 No external consultations have been undertaken.

**10. Recommendations**

10.1 To note or amend the Scrutiny Work Programme.

**11. Background Documents**

None.

**12. Appendices**

Appendix 1 – Joint Scrutiny Work Programme 2021/22

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## Scrutiny Work Programmes 2021/22

### Summary of main topics (*subtopics and objectives outlined within*)

Committee	Topics	Meetings
Corporate	<ol style="list-style-type: none"> <li>1. Partnerships and mayoral soft power</li> <li>2. Budget and business planning</li> <li>3. Overall strategic and financial decision-making</li> <li>4. Workforce and corporate systems</li> </ol>	19 November 2021 (MQT) ?? December 2021 – budget workshop 21 January 2022 11 March 2022
Transport	<ol style="list-style-type: none"> <li>1. Buses (franchising and improvement plans)</li> <li>2. Behaviour change in decarbonisation</li> <li>3. Freight (incl waterways)</li> <li>4. Road management and policy</li> <li>5. Rail reforms</li> </ol>	18 November 2021 20 January 2022 (MQT) 10 March 2022
Economy	<ol style="list-style-type: none"> <li>1. COVID-19 recovery: growth, jobs and skills</li> <li>2. Impact of inward investment (Incl. Channel 4 &amp; culture)</li> <li>3. Rural issues</li> <li>4. Housing pledge and powers</li> </ol>	17 November 2021 19 January 2022 ?? February 2022 – Inward Investment/Channel 4 workshop 9 March 2022 (MQT)
<i>All Committees</i>	<ol style="list-style-type: none"> <li>1. (Relevant) Mayors Pledges</li> <li>2. Work programme</li> </ol>	9 July 2021 – induction intro workshop

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## Corporate Scrutiny Committee

Summary:

1. Partnerships and mayoral soft power
2. Budget and business planning
3. Overall strategic and financial decision-making
4. Workforce and corporate systems

Topic	Sub-topics	Objectives	Meetings	Notes and tracking
<b>Partnerships and mayoral soft power</b>	West Yorkshire partnership	<p>Understand how well the CA works with the five authorities and York in all matters – incl. possibly:</p> <ul style="list-style-type: none"> <li>• officer liaison,</li> <li>• knowledge sharing,</li> <li>• policy development,</li> <li>• project management,</li> <li>• service delivery,</li> <li>• communications / engagement,</li> <li>• and any other cooperation</li> </ul> <p>Explore quality of current relationships between CA + councils and between councils and potential areas for improvement in joint working.</p>	TBC	
	External partnerships	<ul style="list-style-type: none"> <li>• Understand what is being done to strengthen relationships with other Mayors/MCAs (on pan-northern and cross-border things) and central government (and other key stakeholders such as operators).</li> <li>• Understand what other partnership opportunities are being identified and how they are pursued.</li> </ul>	TBC	

	Communications & Engagement	<ul style="list-style-type: none"> <li>Understand the Mayor / CA's comms/marketing/engagement strategy to raise their profile.</li> <li>Explore how well the CA engages with elected members and the public (particularly consultation on schemes)</li> </ul>	TBC	
<b>Budget and business planning</b>	Budget setting and business planning 2022/23	Explore the biggest pressures and risks and possible mitigations in budget setting (2022/23).	January 2022 December 2021 Workshop	
	Budget performance 2021/22	Monitor budget performance in the current financial year (2021/22).	Standing Item	
<b>Overall strategic and financial decision-making</b>	Gainshare, strategic investment framework and other spending priorities	Understand and explore how the Mayor / CA decide what to invest in – particularly Gainshare (E.g. Strategic Investment Framework.)	January 2022 December 2021 Workshop	
	Sources of funding	Understand what possible extra funding sources are available to the CA – including government funding, business rates and precepts.	January 2022 December 2021 Workshop	
	Strategic prioritisation and consistency	<ul style="list-style-type: none"> <li>Understand how strategic priorities are determined.</li> <li>Explore how conflicts between priorities are resolved and which priorities had to be left out.</li> </ul>	January 2022 December 2021 Workshop	
	Impact and performance assessment	Understand the process and methodology of performance and impact assessment and how it is considered during decision making (E.g. carbon impacts, EDI)	January 2022 December 2021 Workshop	
	New governance and scrutiny structures	Monitor the effectiveness of the new governance and scrutiny structures	March 2022	

		established after the Mayor's election – and review as appropriate.		
<b>Workforce and corporate systems</b>	Workforce planning	<ul style="list-style-type: none"> <li>• Understand how the workforce has evolved since the MCA was established – and future expectations.</li> <li>• Explore current preparations and any challenges or areas of concern (such as funding, resources, and delivery capacity).</li> </ul>	TBC	
	Recruitment, retention and apprenticeships	<ul style="list-style-type: none"> <li>• Understand how well the CA attracts, recruits, utilises and retains talent – (local talent in particular) and explore current challenges in these areas.</li> <li>• Understand the current position with regards to apprenticeships within the CA.</li> </ul>	TBC	
	Upgrade of corporate systems	<ul style="list-style-type: none"> <li>• Understand plans to upgrade internal systems.</li> <li>• Explore the capacity for greater harmonisation of systems across the five member authorities and CA e.g. in finance, HR, ICT and project management.</li> </ul>	TBC	
	Cyber security and ICT resilience	<ul style="list-style-type: none"> <li>• Understand the CA's current position re: cyber security and ICT resilience.</li> <li>• Explore current risks and how the CA will evolve now the pandemic exposed increasing reliance on technology and system/information security vulnerability.</li> </ul>	TBC	

## Transport Scrutiny Committee

Summary:

1. Buses (franchising and improvement plans)
2. Behaviour change in decarbonisation
3. Freight (incl waterways)
4. Road management and policy
5. Rail reforms

Topic	Sub-topics	Objectives	Meetings	Notes and tracking
<b>Buses</b> <i>(in parallel with behaviour changes)</i>	Bus franchising	Understand ambitions for bus franchising and the statutory process (including lessons learned from Greater Manchester)	November 2021 March 2022	
	Bus improvement plans: 1. network coverage – rural and urban 2. connectivity and integration with modes (e.g. Rail, cycling and walking) 3. reliability and frequency of services (including use of technology) 4. costs and ticketing 5. partnership working (with transport operators and councils)	Understand the current position of the bus network in WY and explore bus improvement plans – with a focus on the subtopics and connectivity with other modes of travel including rail and active travel.	November 2021 March 2022	
<b>Behaviour changes (and inclusion) in decarbonisation</b>	Research, data and general understanding	Explore current understandings in the transport sector about:	November 2021 January 2022	

<i>(in parallel with bus improvement plans)</i>		<ol style="list-style-type: none"> <li>1. why people travel how they do e.g. cycling, buses, cars</li> <li>2. how habits changed over time</li> <li>3. what changes habits</li> </ol>		
	'Seldom heard groups'	<ul style="list-style-type: none"> <li>• Understand the challenges faced by 'seldom heard groups' (e.g. disabled, neurodiverse) in using transport and how well they are engaged in consultations.</li> <li>• Explore if their needs are being taken adequately into account.</li> </ul>	November 2021 January 2022	
	Youth engagement	Understand current engagement with young people and explore what more could be done to engage them on using public transport and cycling etc.	November 2021 January 2022	
	Unlikely transport users	Understand how unlikely users of certain transport modes (e.g. buses, rail, cycling) are defined, identified, considered and engaged.	November 2021 January 2022	
<b>Freight (incl. waterways)</b>		Understand current position on freight and explore how assets such as waterways/canals have been considered as decarbonisation and commercial/economic opportunities.	Possible workshop	
<b>Road policy and management</b>		Understand current position on roads and explore how roads and highway policy/management is harmonised and coordinated across the region and policy areas (such as connectivity with active travel) <ol style="list-style-type: none"> <li>1. how it works now,</li> </ol>	TBC	

		2. why it wasn't changed with devolution 3. how it could work in future		
<b>Rail reforms</b>		Monitor national plans and reforms in the rail sector and explore possible implications for West Yorkshire and impact on the CA's existing plans.	TBC	

## Economy Scrutiny Committee

### Summary

1. COVID-19 recovery: growth, jobs and skills
2. Impact of inward investment (Incl. Channel 4 & culture)
3. Rural issues
4. Housing pledge and powers

Topic	Sub-topics	Objectives	Meetings	Notes and tracking
<b>COVID-19 recovery: economic growth, job creation, skills, and other opportunities</b>	Data and intelligence	Understand economic picture, what economic/social data is analysed and how it influences CA activity.	November 2021 January 2022	
	Influence and impact of CA/LEP activity – outputs, outcomes & additionality	<ul style="list-style-type: none"> <li>• Understand what levers the CA has to make an impact on the economy.</li> <li>• Explore return on investment and whether a) targets are being achieved and b) if this constitutes additionality.</li> </ul>	November 2021 January 2022	
	Jobs and skills strategy – short and long term	<ul style="list-style-type: none"> <li>• Understand job creation strategy and explore outcomes.</li> <li>• Understand how CA can help plug short term demands (such as shortages in HGV drivers, agricultural workers, service, retail, hospitality and security staff etc)</li> </ul>	November 2021 January 2022	

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		<ul style="list-style-type: none"> <li>Explore long term AEB strategy and how local labour needs and are calculated and considered.</li> </ul>		
	Local growth – strengths and assets vs weaknesses and gaps	<ul style="list-style-type: none"> <li>Understand region’s unique assets/opportunities and ‘growth engines’ and what other strengths could be developed and utilised to drive growth – particularly long term and ‘future proof’ sectors.</li> <li>Understand the region’s economic weaknesses (e.g. productivity and innovation) what gaps there are in the current recover/growth strategy and explore possible mitigations.</li> </ul>	November 2021 January 2022	
	Other post-pandemic opportunities	Explore potential post-pandemic opportunities e.g. rise in ‘entrepreneurship’ as alternate ‘job creation’ and local ‘community economies’.	November 2021 January 2022	
	Partnership working – partner councils	Understand current joint working with partner councils to avoid duplication and fit in with local strategies.	November 2021 January 2022	
<b>Impact of inward investment</b>	Return on investment and additionality	<ul style="list-style-type: none"> <li>Explore whether targets are being met and</li> </ul>	Possible workshop February 2022	

	(Channel 4 as a case study)	<p>whether there is an appropriate return on investment vs resources dedicated to supporting incoming enquiries and outgoing proactive bids.</p> <ul style="list-style-type: none"> <li>• Explore level of – and evidence of – additionality and whether investment makes a difference in relocations and leads to economic outputs.</li> <li>• Understand implications of possible competition between areas within WY and between MCA areas.</li> <li>• CASE STUDY: Explore if Channel 4 investment delivered promised outcomes – immediate (number of jobs created) and strategic (catalyst for growth in local creative sector).</li> </ul>		
<b>Rural issues</b>	Strategic gap	Understand how well rural-specific issues have been considered in wider strategies/plans, analysis and support services – in particular, agricultural/food business in the context of local supply chain resilience,	January 2022	

		skills shortages and business support/grants.		
	Digital connectivity	Explore current activity aiming to improve digital connectivity in rural areas.	January 2022	
<b>Housing pledge and powers</b>	Powers – current and future	<ul style="list-style-type: none"> <li>• Understand CA's current housing powers in the absence of spatial strategy and other devolution planning powers – and how CA's functions are expected to change in the future?</li> <li>• Understand how CA can enable housing development within current powers while housing remains an LA function.</li> </ul>	January 2022	
	Delivering pledge and coordination with partner councils	<ul style="list-style-type: none"> <li>• Explore steps which could be taken to ensure homes are affordable and targets are met.</li> <li>• Understand how local plans will be taken into consideration.</li> </ul>	January 2022	

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