

**MINUTES OF THE MEETING OF THE
CORPORATE SCRUTINY COMMITTEE
HELD ON FRIDAY, 20 JANUARY 2023 AT CONFERENCE ROOM 1/2,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS, LS1 2DE**

Present:

Councillor Mike Barnes	Calderdale Council
Councillor Moses Crook	Kirklees Council
Councillor Paul Davies	Kirklees Council
Councillor Jane Dowson	Leeds City Council
Councillor Fiona Fitzpatrick	City of York Council
Councillor Alun Griffiths	Bradford Council
Councillor Samantha Harvey	Wakefield Council
Councillor Susan Lee-Richards	Kirklees Council
Councillor Brenda Monteith	Calderdale Council
Councillor Geoff Winnard (Acting Chair)	Bradford Council
Councillor Paul Wray	Leeds City Council

In attendance:

Khaled Berroum	West Yorkshire Combined Authority
Melanie Corcoran	West Yorkshire Combined Authority
James Nutter	West Yorkshire Combined Authority
Hannah Scales	West Yorkshire Combined Authority
Angela Taylor	West Yorkshire Combined Authority
Craig Taylor	West Yorkshire Combined Authority

20. Apologies for absence

Apologies for absence was received from Councillors David Jones, Carol Thirkill, Peter Harrand and Betty Rhodes.

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

21. Declarations of Disclosable Pecuniary Interests

There were no declarations of disclosable pecuniary interests.

22. Possible exclusion of the press and public

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

23. Minutes of the last meeting held on 18 November 2022

Resolved: That the minutes of the meeting held on 18 November 2022 be approved.

24. Chair's comments and update

The Chair welcomed the Committee and Officers and addressed his deputising as Chair for the meeting. He provided a brief overview of the two workshops held in December on staffing issues and the draft 2023/24 budget and thanked members who were able to attend.

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

25. Budget, Business Planning and Workforce 2023/24

The Committee received a report which provided the latest update on budget and business planning for 2023/24 and addressed comments and conclusions made at the Workforce Workshop held on 25 November 2022.

Discussion and questions centered around the following points:

Staffing, vacancies and business plans:

- The current Staff Terms and Conditions under negotiation are outdated and the Combined Authority is in the process of moving towards a more flexible and agile approach to work, in terms of location and hours, which the new proposed Terms and Conditions intend to reflect.
- The savings generated from job vacancies has been set at £3 million, an increase compared to previous years. A vacancy management policy is in place which intends to encourage more consideration when deciding to replace leavers like-for-like. It was emphasised that a recruitment freeze was not in place and that the vacancy management approach would be monitored. There is an intention to conduct further work into how vacancy savings are monitored and any impact the savings may have on the organization's capacity to deliver. It was important to match the business plans to ensure there is sufficient resource.
- The Combined Authority is reviewing business plans against resources. Where additional resource for delivery was required, it would be signposted in the business plan and remain under review.
- Some teams such as Consultation and Engagement involve shared services. Where partners were delivering projects the Combined Authority's Consultation and Engagement Team supported them, which both provides the Combined Authority with income and saves local councils money. There had been discussions regarding shared services in internal audit and treasury management which had been done previously on a smaller scale.

Integrated Corporate System (ICS) and financial information:

- Budget holders conduct monthly reviews to identify any risks, concerns and compare the actual spend to the forecasted budget.
- The new integrated finance system scheduled to go live before 1 April

2023, would allow for a more robust way of live monitoring of budgets, enabling everyone access to collected financial information on demand. This could establish a tighter regime on budgets and the requirement of monthly reports giving quick confirmation that budgets are on track. The Finance, Resources and Corporate Committee would then also receive the reporting information as another layer of monitoring – as would Corporate Scrutiny, if requested.

Budget setting process:

- It was confirmed that there were conversations taking place between the Combined Authority and the five partner authorities at political level and officer level with regards to the budget and common budget pressures. The Director of Finance and Commercial Services met monthly with the West Yorkshire Directors of Finance which provided a forum for ongoing discussions about the challenges and pressures we are facing including what approach each local authority is taking, the scale of deficit and good ideas people may have.
- Although all finance directors aspire to a 3-year medium term financial forecast, in the current climate, no-one had budgets balanced beyond next year. Some local authority partners were relying heavily on the use of reserves for next year and that could only ever be a temporary position.
- The general approach to setting the budget was finding something that worked for the next year and then starting work on the future year's budget balance.

Inflation:

- The inflation assumptions made in this year's budget were 10% for bus spending, 4% in pay award and staff salaries, and around 5% in operating costs of schemes and projects, and most service areas. These will continue to be monitored as the year progresses and the inflation rate changes.
- Inflation, particularly on capital programs remains a concern, and there was a recent large review of all capital programmes, and adjustments were made to various phases of various programmes to make savings which puts the Combined Authority in a better financial position.
- Gainshare is a 'cash flat' amount of money for the next 30 years and is not adjusted for inflation. This means that in future years the money would have a lower purchasing power than today, meaning the approach taken to date was to initially spend on revenue type projects and things that could be delivered quickly.
- It was not ruled out that Gainshare could also be used to support borrowing costs and as capacity funding.

Service provision & prioritisation:

- The delivery of the Combined Authority's statutory concessionary travel scheme must be prioritised.
- The Combined Authority's biggest spend was on transport through the transport levy (also the main source of income) which would have to be assessed to see if things could be done more efficiently.
- It was confirmed that bus franchising was under consideration and work is underway to work towards it through the statutory process.

- Bus tendered services were considered a concern. As pressure on the budget builds, it gets more difficult to fund these services and issues in the commercial bus market is increasingly putting pressure on the Combined Authority to subsidise more and more socially necessary services.

Capital Projects:

- Government does pay at the start of the year for projects scheduled to be completed later in the year. This was described as positive spot in the budgeting process due to it being a temporary position.
- There were treasury management arrangements in place and the Combined Authority put money on deposit to get a return and defer borrowing as long as possible to manage cash to best effect.
- It was proposed in December 2022 that a sustainable level of bank interest in the budget was set, and the excess put into a capital reserve to support projects.

Operational Income:

- There was a large decrease in operational income from the coming financial year combined to two years' time. Some of this was bank interest because it had increased this year, which continues to increase next year and falls away in the following year. There was also a range of other grants included, such as government grants towards bus which would fall away as well. It showed money received for a time-limited period that falls away and the challenge is where more income could be generated in the future as at the moment the Combined Authority was heavily dependent on government spending opportunity.

Office Accommodation:

- The Combined Authority had one office building, Wellington House, where all office-based staff were managed.
- The building had less desks to the number of staff and collaboration space, there would be hotdesking. Usage of the building was being monitored including setting meetings to maximise the space. Hybrid working would continue to be encouraged, employees enjoyed hybrid working and it was also considered attractive in recruitment.

Members requested in future when the budget is presented, they receive the budget figures for the current and previous years alongside the anticipated budget on a single document for ease of reference.

Resolved: That the report be noted, and the Committee's feedback be considered further.

26. Assurance Framework Update

The Committee received a report which updated members and asked for feedback on the progress on the annual review of the Leeds City Region Local Framework.

The Assurance Framework must be reviewed annually by government, although the CA had not yet received the updated guidance. The Combined

Authority must stick to government guidance and there were certain things that couldn't be changed as they would not get approval on economic case for most projects particularly on transport projects for which government TAG guidelines must be used.

The main change in this year's framework was the approach to evaluation because there was now an Evaluation Team in place at the Combined Authority to oversee that part of the process.

A peer review had been set up with other Mayoral Combined Authorities so that they can review each other's frameworks and processes and learn from each other.

The Combined Authority found that the main frustration reported to officers reviewing the Assurance Framework was the amount of forms and work that promoters felt they needed to do to get through the process. Another issue was the requirement for committee approvals and the fact that committees often don't meet regularly enough which caused approvals to be delayed. Some changes were made to lower risk projects, or projects with smaller funding, to allow for a more flexible and shorter approvals route to remedy this.

Resolved: That the report be noted, and the Committee's feedback be considered further.

27. Corporate Scrutiny Work Programme

The Committee considered the Work programme for 2022/23 and discussed the standing items, the accommodation project, cyber security, and integrated corporate systems. The Chair invited members to submit any further ideas or comments to the Scrutiny Team for consideration.

Resolved: That the appended work programme be noted and approved.

28. Date of the next meeting - 10 March 2023

Resolved: It was noted that the next committee meeting would be at the new time of 2.00 pm due to a clash with another committee meeting that morning.