

GOVERNANCE AND AUDIT COMMITTEE

MEETING TO BE HELD AT 11.00 AM ON THURSDAY, 11 JANUARY
2024 IN COMMITTEE ROOM A, WELLINGTON HOUSE, 40-50
WELLINGTON STREET, LEEDS

A G E N D A

Please note that this meeting will be filmed for live or subsequent broadcast via the Combined Authority's internet site. At the start of the meeting the Chair will confirm if all or part of the meeting is being filmed. Generally, the public seating areas will not be filmed; however, by entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting. If you have any queries regarding this, please contact Governance Services on 0113 251 7220.

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
3. **EXCLUSION OF THE PRESS AND PUBLIC**
 1. To highlight Appendix 2 to Agenda Item 10 which officers have identified as containing exempt information within the meaning of Schedule 12A to the Local Government Act 1972, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.
 2. To consider whether or not to accept the officers' recommendation in respect of the above information as set out in paragraph 7.1 of Agenda Item 10.
 2. If the recommendation is accepted, to formally pass the following resolution:-

RESOLVED – That in accordance with paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, the public be excluded from the meeting during consideration of Appendix 2 to Agenda Item 10 on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information and that in all the

circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

- 4. MINUTES OF THE MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE HELD ON 19 OCTOBER**
(Pages 1 - 4)
- 5. INTERNAL AUDIT PROGRESS REPORT**
(Pages 5 - 22)
- 6. DRAFT INTERNAL AUDIT PLAN 2024/25**
(Pages 23 - 32)
- 7. EXTERNAL AUDIT PROGRESS REPORT**
(Pages 33 - 50)
- 8. DRAFT TREASURY MANAGEMENT STATEMENT AND GENERAL RESERVES STRATEGY**
(Pages 51 - 66)
- 9. COMPLIANCE AND MONITORING**
(Pages 67 - 78)
- 10. RISK MANAGEMENT**
(Pages 79 - 86)

Signed:

A handwritten signature in black ink, appearing to be 'BGM', with a horizontal line underneath it.

**Chief Executive
West Yorkshire Combined Authority**



**MINUTES OF THE MEETING OF THE
GOVERNANCE AND AUDIT COMMITTEE
HELD ON MONDAY, 16 OCTOBER 2023 AT COMMITTEE ROOM 1,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

Present:

Debbie Simpson (Chair)	Independent Member
Councillor Jane Scullion (Deputy Chair)	Calderdale Council
Councillor Cathy Scott	Kirklees Council
Councillor Alan Lamb	Leeds City Council

In attendance:

Mark Outterside	Mazars Auditors
Alan Reiss	West Yorkshire Combined Authority
Angela Taylor	West Yorkshire Combined Authority
Caroline Allen	West Yorkshire Combined Authority
Farhan Khaliq	West Yorkshire Combined Authority
Alexander Clarke	West Yorkshire Combined Authority
Ben Kearns	West Yorkshire Combined Authority

14. Apologies for Absence

Apologies for absence had been received from Councillor Hinchcliffe and Joanna Wardman.

15. Declarations of Disclosable Pecuniary Interests

There were no declarations of pecuniary interests at the meeting.

16. Exclusion of the Press and Public

RESOLVED – That in accordance with paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, the public be excluded from the meeting during consideration of Appendix 4 to Agenda Item 8 on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

17. Minutes of the Meeting of the Governance and Audit Committee held on 24 July 2023

Resolved: That the minutes of the last meeting be approved.

18. Internal Audit Progress Report

Members considered a report which provided an update on internal audit progress against the new audit plan.

Work had been completed for those review carried over into the 2023/24 audit plan and a significant number of reviews had started.

The Committee noted the ongoing recruitment challenges in the internal audit team and the risk that sufficient work may not be completed in the current plan year.

Members discussed the difficulties around recruitment and the possibility to look into a graduate programme as a partial longer term solution. It was noted that the Combined Authority had been in discussions with the LGA around workforce planning and would explore further opportunities for staff training and development.

Members asked Fraud/Whistleblowing/Money Laundering referrals were on par with other Combined Authorities and if after the investigations had been completed. Officer could bring back outcomes from the investigations to the Committee and that work around benchmarking would begin.

The Chair asked for assurance that the most important audits were prioritised, especially given the limited resource of the team, and whether the plan could be RAG rated to see which audits were prioritised as well as a planned completed due date.

Members asked for an update on the Transport Operations & Passenger Experience agreed actions, with a significant number showing as in progress or as having missed their original date. Work was ongoing to implement the agreed actions and an update could be brought to a future meeting if the position remained the same.

Resolved: That the progress update be noted.

19. External Audit Progress Report

The Committee considered a report that provided an update on external audit matters.

Members noted the ongoing work to complete the 21/22 due to nationally mandated work on Local Government Pension Scheme. The work had been completed on 22/23 but the delay around the 21/22 audit had meant that the audit could not be finalised.

A letter from Government regarding the audit delays was attached at appendix 1 to the submitted report. Members discussed the situation around local government audits was unsatisfactory and the proposed way forward around backstops which might result in incomplete or modified opinions.

Members also asked about the increase to audit fees in a difficult financial setting for local authorities. Officers would bring forward the details around the fees at the next meeting but noted that the fees had been historically low given the amount of audit work completed.

Resolved: That the position on external audit work be noted.

20. Compliance and Monitoring

Members considered a report that provided an update on internal controls since the last meeting of the Committee.

There had been no changes to internal controls and no RIDDOR incidents.

Members noted the internal changes to officer boards and structures and the formation of the Corporate Change Management Board as well as the imminent introduction of CI Anywhere, a new integrated Finance, HR, and payroll system.

A first iteration of the compliance dashboard was attached at appendix 1 and Members thanked officers for all their hard work on the dashboard and that it would be a useful tool for the Committee. Members asked for benchmarking on the dashboard in relation to other Combined Authorities and if the complaints part of the dashboard could include the number of complainants.

Resolved:

- (i) That the report be noted
- (ii) That the dashboard be noted.

21. Risk Management

Members considered a report that provided an update on the Combined Authority's risk management strategy.

Resolved:

- (i) That the proposal to review the risk management strategy with an update on progress to be provided in early 2024 be noted and endorsed.
- (ii) That the work ongoing to embed risk management though all layers of officer governance be noted.
- (iii) That the revised corporate risk register be noted and endorsed.

22. Corporate Governance Update

Members considered a report that set out revisions made to the Code of Corporate Governance and provided a draft of the Annual Governance Statement.

Resolved:

- (i) That the proposed revisions to the Code of Corporate Governance endorsed and recommended to the Combined Authority.
- (ii) That the draft Annual Governance Statement including the Governance Improvement Plan be endorsed for publication in due course as part of the annual accounts.

23. Bus Reform

Members considered a report that provided an update on the bus reform programme.

Resolved: That the report be noted.

Report to:	Governance and Audit Committee
Date:	11 January 2023
Subject:	Internal Audit Progress Report
Director:	Alan Reiss, Chief Operating Officer
Author:	Bron Baker, Head of Internal Audit

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

1. Purpose of this report

- 1.1 To ask the members of the committee to consider and note the progress report and supporting Appendix.

2. Information

Recruitment

- 2.1 The latest recruitment campaign was successful with one new starter already in place and the remaining vacant post due to be filled in January. As previously advised the overall resource of the team has been subject to review and work has now completed on the broader assessment of the service and resource required to deliver against the growing priorities of the organisation. The draft business case prepared as a result is currently under consideration.

Work against the audit plan

- 2.2 Delivery against the plan remains a significant risk for the team but three reports have been completed since the last update to Committee. Summaries are included in the progress update, with a number of other reviews indicated as either in progress or at draft report stage.

- 2.3 One of the completed reviews has a minimal assurance rating and relates to an Adult Education Budget (AEB) provider review. This review is part of the rolling three-year cycle of AEB provider reviews, and the audit ratings are used to inform performance management of the providers by the AEB programme team.
- 2.4 The positive outcome to the latest round of recruitment should help to mitigate the risk to delivery of the plan, but due to the number of vacancies during the year, plus the need to focus on additional work a review of the plan has identified those areas that may need to be deprioritised and/or deferred to next year. These reviews are not as time sensitive as other planned audits and these proposed changes are reflected in the updated plan in the Appendix. Confidence remains high that sufficient work will have been carried out to allow delivery of the opinion.

Fraud/Whistleblowing/Money Laundering

- 2.5 There has been one new referral since the last update bringing the total to date for 2023/24 to eight and three investigations have now concluded since the last report to the Committee. A breakdown of closed cases is included in the Appendix.

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 That the Committee consider and note the progress update.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

Appendix 1 – Internal Audit Progress Report

This page is intentionally left blank



West
Yorkshire
Combined
Authority

Tracy
Brabin
Mayor of
West Yorkshire



6

Governance and Audit Committee

Internal Audit Progress Update

January 2024

Agenda Item 5
Appendix 1

Appendix 1

1.Key Headlines / Index

Top three issues – Mass Transit, Bus Reform and level four devolution.

Reports issued – **Page 2** provides an update of work carried out since the last report to Committee.

Progress against 2023/24 Audit Plan and any planned changes – **Page 6 onwards** shows progress against the plan. Work on the 2023-24 plan is progressing, albeit slowly. We have had recent success in recruiting to vacant post which should provide added support to delivery of the remaining plan.

Outstanding actions- At **page 11** the status of audit recommendations has been provided along with an update on any ‘in progress’ and those that have not met their original due date.

Feedback from clients – **Page 13** There is no client feedback to report in this period.

Performance Measures - Page 14 provides details on our performance measures.

2. Reports Issued/ Progress Updates since the last Committee Meeting

Audit Report- Contract Management (Leeds Bus Station Refurbishment)

Internal Audit reviewed the refurbishment contract for Leeds Bus Station, for compliance with the contract standing orders and other relevant internal guidance. The review resulted in an audit opinion of **LIMITED** assurance.

The contractor was appointed via a direct award and there was compliance with contract standing orders and value for money considered when appraising this option. A project governance group was set up and officers were appointed alongside an external partner to oversee delivery of the scheme. There was an appropriate level of contract administration and regular follow up meetings were held with the contractor to manage performance. That said, the complex nature of the scheme meant completing the contract on time and in budget proved challenging with the initial scoping of the scheme proving to be inadequate. The review highlighted a significant learning element given other similar schemes were in delivery and consequently recommendations were made to increase collaboration between internal teams when developing and managing schemes as well as reviewing existing practices using a lesson learned approach.

Audit Report- AEB Provider Review (7)

Internal Audit's seventh Adult Education Budget (AEB) provider review has been conducted, concluding with an audit opinion of **MINIMAL** assurance.

This rating was based on non-compliance with the contract, a weak framework of controls including a lack of a named contact resulting in contract monitoring meetings being stalled, a lack of formal documented procedures and poor digital record management.

This AEB provider was selected for review due to concerns raised and the review therefore focussed on compliance with WYCA AEB Funding Rules and Performance Management framework. It also considered accuracy of data submission, that delivery of provision is in line with expectations and that the provider has appropriate procedures and controls in place.

11

Audit Report- AEB Provider Review (8)

Internal Audit's eighth Adult Education Budget (AEB) provider review has been conducted, concluding that an audit opinion of **LIMITED** assurance can be given.

This conclusion was based on the inadequacy of the provider's controls following a period of rapid growth over the last twelve months. Controls found to require improvement include the creation and implementation of an internal audit process and a set of clear procedures for the entire learner journey.

Audit found that the provider had already introduced steps to improve controls, an improvement plan has been produced, overseen by new additions to the team and implementation of improvements was seen to be underway.

The review focussed on compliance with the WYCA AEB Funding Rule and Performance Management framework, accuracy of data submission, that delivery of provision is in line with expectations and that appropriate procedures and controls are in place.

Adult Education Budget (AEB) Progress Update

Audit continues to provide assurance over AEB providers in receipt of AEB funding through an annual rolling programme of reviews which focus on compliance with WYCA AEB Funding Rules. A summary against completed reviews is provided above and further work is in progress.

Regular meetings are also taking place and Internal Audit have continued to provide support, advice and guidance including: the development of the AEB funding rules, attendance at the AEB Performance Board and ESFA led anti-fraud meetings along with ad hoc pieces of work.

Internal Audit have now recruited to both of the two vacancies in the team, with one new starter in post from the end of September and the other from the end of November.

Counter Fraud, Whistleblowing and Anti Money Laundering

There have been eight new referrals in 23/24 to date and three cases that carried forward from 22/23. Out of those eleven cases, four are still under investigation and seven have now closed.

Internal Audit Progress Report

Analysis of Fraud referrals			
	Total no of referrals 21/22	Total no of referrals 22/23	Total no of referrals 23/24
Fraud – External	1	5	5
Fraud – Internal		1	1
Whistleblowing		1	2
AML			
TOTAL	1	7	8

The three cases that have been completed and closed since the last report to this Committee, all related to external issues. Two of the cases were attempted fraud which was proven, but no losses incurred as controls were effective in preventing money leaving the organisation. The third case was also related to an external fraud allegation, but no fraud was proven, and no further action is required. The table below summarises all the cases included in the figures provided in this report.

	Cases Closed/In progress for last two years + current year				
	Investigation completed – No breach/fraud and no further action required	Investigation completed – Fraud proven, no loss/controls effective	Investigation completed – Fraud proven, no loss, but control improvements recommended	Investigation completed – Fraud proven, loss/control improvements recommended	Still under investigation
Fraud – External	3	5	2		1
Fraud – Internal			1		2 (1 c/f from 22/23)
Whistleblowing	1				1
AML					
TOTAL	4	5	3	0	4 (1 c/f from 22/23)

Grant certification

Internal Audit continues to review grants that have either required checks to be carried out on expenditure incurred as part of the funding conditions or providing advice to build up assurance processes. In particular, since we last reported advice and guidance has been provided to the UKSPF team on developing their assurance processes, Multiply, Active Travel Fund and the ZEBRA scheme.

3. Internal Audit Plan 2023/24

Overall Opinion Ratings

Level of Assurance	Description
Reasonable	There is a good framework of controls in place and the majority of controls are being consistently applied to ensure risks are managed effectively.
Limited	There is an adequate framework of controls in place but the controls are not being consistently applied to ensure the risks are managed effectively.
Minimal	There is a weak framework of control in place and/or the controls are not being consistently applied to ensure the risks are managed effectively.

14

	Assurance Area	Scope	Current Status/Timetable
1	Connecting Innovation Controls Advisory report	Review of the Connecting Innovation fund to suggest improvements to controls and processes.	Advisory Report Completed
2	Adult Education Budget- Assurance statement	A review of the governance and financial arrangements of the Adult Education Budget programme to inform the Assurance Statement to the DfE.	Completed
3	GDPR (ICO Framework)	This audit is focused on a high-level review of compliance with expectations in the Information Commissioner Office Accountability Framework	Completed REASONABLE ASSURANCE
4	AEB Provider Review 7	This review forms part of the regular assurance cycle for AEB providers that Internal Audit have been commissioned to deliver. Evidence is to be tested to ensure the reporting, eligibility of learners and claims (financial and outcomes) have followed the Funding Rules and contractual agreements in place.	Completed MINIMAL ASSURANCE

Internal Audit Progress Report

5	AEB Provider Review 8	This review forms part of the regular assurance cycle for AEB providers that Internal Audit have been commissioned to deliver. Evidence is to be tested to ensure the reporting, eligibility of learners and claims (financial and outcomes) have followed the Funding Rules and contractual agreements in place.	Completed LIMITED ASSURANCE
6	Contract Management Review Electricity contract	Contract review to ensure compliance with contract standing orders and contract management principles	Draft Report Stage
7	Climate Change	To examine the CA's progress against its external plans to manage climate emergency.	Draft Report Stage
8	Contract Management Review – Marketing and Communications contract	Contract review to ensure compliance with contract standing orders and contract management principles	In progress
9	Police and Crime Team Commissioning (including violence reduction unit)	A review to consider how the Police and Crime team processes are fitting into the CA ways of working to ensure agile responses to short term funding.	In progress
10	Project Review (Rail car parking package)	A review of the Rail car parking package to examine compliance with the Assurance Framework and good project management principles.	In progress
11	Procurements (sample to confirm compliance with Fin Regs/ Contracts Standing Orders)	To review a selection of recent procurements and examine compliance with financial regulations, contract standing orders and procurement rules	In progress
12	AEB Provider Review (9)	This review forms part of the regular assurance cycle for AEB providers that Internal Audit have been commissioned to deliver. Evidence is to be tested to ensure the reporting, eligibility of learners and claims (financial and outcomes) have followed the Funding Rules and contractual agreements in place.	In progress

15

Internal Audit Progress Report

13	ICT – various, including Cyber Security and PCI	A programme of ICT audits provided by Salford Internal Audit Services informed by the 22/23 audit work. - PCI work now in progress, - Cyber Security to be undertaken in Quarter 4.	In progress
14	Integrated Corporate System (HR, Finance, Payroll)	To review progress with implementation of the new Integrated Corporate System and more specifically aim to provide assurance that the organisation is ready to go live.	In progress
15	Physical security including responsibilities and the social element of security	To review access arrangement and physical security of CA property and risk of social engineering with a focus on security at Wellington House.	In progress
16	TPS Financial Controls follow up work	This work will follow up the 22/23 audit which culminated in a minimal assurance rating.	See Follow Up section below
17	Security of Assets	Informed by our 22/23 audit work, to continue to review asset management processes.	Quarter 3
18	Compliance with Contracts Standing Orders & Financial Regulations	Focus on the current financial system and processes in particular debt recovery.	Quarter 3
19	Equality, Diversity and Inclusion (progress against the Local Govt Framework and internal EDI measures)	To examine EDI implementation across the organisation and examine progress in areas highlighted for improvement in the 22-23 audit. And to carry out compliance work to determine how well EDI is being embedded in the CA.	Quarter 3
20	GDPR	To provide advise and guidance with focus on compliance with the ICO framework.	Quarter 3

16

Internal Audit Progress Report

21	Financial Management and Business Planning – a rolling programme of reviews over a 3-year cycle to assess controls, governance and risk management of these linked processes.	A rolling programme of reviews over a 3-year cycle to assess controls, governance and risk management of these linked processes.	Quarter 4
22	Health & Safety	To provide assurance that HS policies and practices are up to date and meet legislative requirement and review processes around incidents and reporting of these and actions taken as a result.	Quarter 4
23	Risk Management	Health check of the risk management arrangements to inform the audit opinion	Quarter 4
24	HR – with an emphasis on recruitment/ retention/ succession planning	To review the arrangements to support recruitment and retention and succession planning.	Quarter 4
25	Supply chain financial liquidity, with an emphasis on risk management and business continuity plans	To examine the due diligence and financial check processes on the CA's processes	Quarter 4
26	Adult Education Budget	Reviews in line with the Assurance framework for AEB to give programme assurance	Quarter 4
27	Compliance with Contracts Standing Orders & Financial Regulations	Review focuses on control and use of Procurement Cards	Deferred
28	Central review of contract management to consider	To examine the central approach to Contract Management support provided to the organisation,	Deferred

Internal Audit Progress Report

	standards, support, guidance and monitoring.		
29	Code of Corporate Governance and Compliance with sub delegations	This review will focus on review of the revised delegations and proposed review of the Code.	Deferred
30	Data Quality	To review the project examining the provision of data for the region.	Deferred
	Project and Programme Assurance (various reviews)	Project and programme assurance reviews to be undertaken. The reviews will primarily focus on compliance with the Assurance Framework as well as good project and contract management principles.	Ongoing
	Counter Fraud work	To undertake proactive counter fraud work to strengthen controls to prevent, detect and investigate theft, fraud and corruption	Ongoing
	Multiply – advice and guidance on new funding stream in line with DfE requirements	Ongoing advice and guidance on requirements of the programme and review to inform the year end annual assurance statement to the DfE.	Ongoing
	Attendance on Boards	Advice and guidance to inform the control framework	Ongoing
	Various grant certifications	In line with funding applications and funding agreements	See above table
	Grant Audits	In line with funding applications and funding agreements	As required

18

Key:

Audits completed
Audits in progress or at draft report stage and on track for completion within year
Audits that remain a high priority and that are aiming to be included within the opinion for 23/24, but which may carry over or be deferred
Audits that will need to be deferred due to lack of capacity, but that are felt to be either less time sensitive or currently being reviewed
Ongoing work, performed as needed/required

4. Audit Follow up

In line with Public Sector Internal Audit Standards and internal procedures, progress against implementation of agreed actions (audit recommendations) is followed up with the action owner/management at periodic intervals. These follow ups vary between, a formal evaluation of evidence to assess the progress management have made, to obtaining a status update from action owners.

The table below shows the status of agreed actions arising from April 2022. Of the 36 recommendations remaining to be implemented, the original due date has been revised for 25 actions following discussions with Management. For one case where the due date has now passed Audit are waiting to receive feedback regarding their implementation. Audit continues to work with management/action owners to ensure agreed actions are implemented in a timely manner to mitigate governance, risk and control issues. Explanations for the one “not to be implemented” recommendation was provided at the last committee meeting and is included in the table for completeness.

Status of agreed actions						
Directorate	Total	Implemented	In progress	Original Due Date Not Met Revised Implementation Date Agreed	Overdue, Revised Implementation Date Not Agreed	Not to be Implemented
Cross Cutting	10	10	0	0	0	0
Finance and Commercial	5	5	0	0	0	0
COO Direct report	5	0	2	3	0	0
Transport Policy and Delivery	4	2	2	0	0	0
Inclusive Economy, Skills & Culture	0	0	0	0	0	0
Strategy, Comm, Intelligence	4	0	4	0	0	0
Policing, Environment, Place	0	0	0	0	0	0
Transport Ops & Passenger Exp	44	18	2	22	1	1
Mass Transit	0	0	0	0	0	0
TOTAL	72	35	10	25	1	1
		48.61%	13.89%	34.72%	1.39%	1.39%
<i>Previous report</i>		32.35%	26.47%	32.35%	4.41%	4.41%

A breakdown of actions still to be implemented is provided here;

20

Status of In progress recommendations		
Audit Area	In progress Recommendations	Status
Health & Safety	3	Additional work was required to complete the Health and Strategy and as part of an internal restructure of the team progress had stalled which consequently revised due dates were requested which have been agreed.
Mcard APP	1	Implementation of one recommendation remains in progress, the original due date has passed, and Management has requested a revised implementation date due to changes and further development of the MCARD system.
Transport and Property (Financial Controls)	15	A further review of progress against the recommendations has been undertaken since the last report to this committee. As a result and based on the discussions and evidence received to date, 11 recommendations have been closed with positive progress noted on the remaining recommendations including the work being undertaken on the system improvement which should be completed by the end of March. These discussions will now inform the scope of the follow up work to be undertaken in the final quarter of the 23/24 plan year which will seek to test the changes made and to assess the improvement to controls as a result.
Equalities (EDI)	4	We have received an update regarding implementation of these in progress recommendations. The proposed recruitment of a EDI project manager due to commence in July 2023 was delayed to September 2023 and action owners have requested moving the original due dates. Progress has been made and implementation of recommendations is being monitored at the EDI Performance and Oversight Board of which the Head of Internal Audit is a member.
Security of Assets	6	The original due date has been missed and revised dates were requested, implementation progress has staggered. Further

		discussions are to be held with management to review progress further and consider next steps.
Contract Management – JPB Facilities Management	3	Two of these recommendations are in progress and one is overdue at this stage, a further report is due to be issued that highlights the lack of progress to date.
GDPR	2	Report recently issued, see the above audit summary section for details
Contract Management Review- Leeds Bus Station	2	Report recently issued, see above section on reports issued, update on progress to be provided at the next committee meeting

4. Customer Feedback

There was no customer feedback to report in this period.

5. Performance Measures

The following provides some general performance indicator information to support the Committee in assessing the performance of Internal Audit.

Measure	Annual Target	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD
Annual Governance Statement deadline 2022/23 - to include annual audit opinion achieved	July (draft) March (final)	NA	NA	NA	NA	NA	Draft done	NA	NA					NA
Compliance against Public Sector Internal Audit Standards - self assessment against the Local Govt checklist achieved	July (draft) March (final)	NA	NA	Met	NA	NA	NA	NA	NA					Met
Customer Satisfaction (including question around EDI approach)	80% good or above	NA	100%	100%	NA	NA	100%	NA	NA					100%
Reports issued within 10 working days from completion of audit work	95%	0%	67%	0%	NA	100%	NA	50%	100%					56%
Percentage completed reviews against agreed plan, quarterly targets	Q1=10%, Q2=40%, Q3=70%, Q4=90%	0%	0%	7%	7%	7%	10%	15%	19%					19%
Percentage of recommendations agreed	90%	99%	100%	NA	NA	100%	NA	100%	NA					99%
Fraud/ Whistleblowing acknowledgement, where appropriate, within 10 working days	100%	NA	100%	0%	100%	100%	NA	100%	NA					88%
Fraud/ Whistleblowing reports to be issued within 10 working days of investigation completion	95%	NA	N/A	0%	NA	NA	NA	NA	0%					0%
Grant certifications to be completed within 3 working days (or to a separately agreed deadline) of a fully completed evidence file being received	95%	100%	100%	NA	100%	100%	NA	NA	NA					100%

Report to:	Governance and Audit Committee
Date:	12 January 2023
Subject:	Internal Audit Draft Plan 24/25
Director:	Alan Reiss, Chief Operating Officer
Author:	Bron Baker, Head of Internal Audit

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

1. Purpose of this report

- 1.1 To ask members to consider and comment on the draft internal audit plan for 24/25 in Appendix 1.

2. Information

Proposed Audit Plan for 2024/25

- 2.1 As part of the forward plan for the Governance and Audit Committee (GAC), Internal Audit have once again brought the draft plan for the next financial year to the January committee meeting. This plan has been informed by consultation with Directors/Executive Directors and once comments are received from GAC, will go to the Internal Leadership Board for their views before returning as a final proposal to the March 2024 GAC. The primary sources for informing the plan derive from external horizon scanning from the annual 'Risk in Focus' research published by the Chartered Institute of Internal Auditors (Appendix 2), outcomes from audit work undertaken in previous years, reviews of business plans for 24/25 along with consideration of corporate performance reporting in the 23/24 plan year (which includes assessment of risks to delivery) and finally the Corporate Risk Register.

- 2.2 Internal Audit also conducted a review of previous coverage of assurance work across the Combined Authority and this draft plan reflects a balanced approach to work across all the directorates. This will ensure sufficient breadth built in to allow the annual audit opinion to reflect the full range of Combined Authority delivery which has grown significantly over the last year. The format of the draft plan is set out to reflect this and there will be ongoing discussions with directorates during the course of the year to ensure that it continues to reflect the most significant risks to those areas of the business.
- 2.3 The audit team have also developed a business case for consideration of the right level of resource to be able to deliver this proposed plan which is currently under review.

Key areas to highlight

- 2.4 The plan has once again been developed to keep focus on the management of contracts, projects/programmes and procurements to ensure that the work being done centrally to develop standards and good practice guidance is adopted and adhered to throughout the business. This will continue to drive improvement in those areas of the business that have seen a number of less favourable reviews over the last two years.
- 2.5 There are a number of rolling programmes of reviews in relation to programmes/projects with particular emphasis on Mass Transit and Bus Reform. Work is being undertaken to understand some of the lessons learned from other MCAs that are further ahead in these areas to inform the assurance programme.
- 2.6 Significant work will continue on Adult Education Budget, but building assurance over Multiply and Skills Bootcamps as well.
- 2.7 Internal Audit will continue to bring in specialist resource to undertake a number of ICT reviews and given the prominent risk around cyber security will ensure that this remains a key deliverable in 24/25.
- 2.8 The plan for 24/25 will continue to make provision for counter fraud and whistleblowing investigations, but additional resource in the team (subject to the review of the resource business case) will allow focus to include preventative work and better use of data analytics for detection activity.
- 2.9 The plan for 24/25 will also need to include any reviews deferred from the current plan year which are currently at risk and will be included in the final version of the plan that will be on the agenda for the March GAC meeting.

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 If recruitment/resource remains an issue into the next audit plan year, the proposed reviews will need to be reconsidered and the Committee asked to endorse any subsequent changes to the plan to accommodate resource constraints.

9. External Consultees

9.1 No external consultations have been undertaken.

10. Recommendations

10.1 That the Committee consider and comment on the proposed plan for 2024/25.

11. Background Documents

The annual 'Risk in Focus' report from the Chartered Institute of Internal Auditors has been used to inform external horizon scanning.

12. Appendices

Appendix 1 – Internal Audit Draft Plan 2024/25

Appendix 2 – [CIIA Risk in Focus 2024](#)

This page is intentionally left blank



West
Yorkshire
Combined
Authority

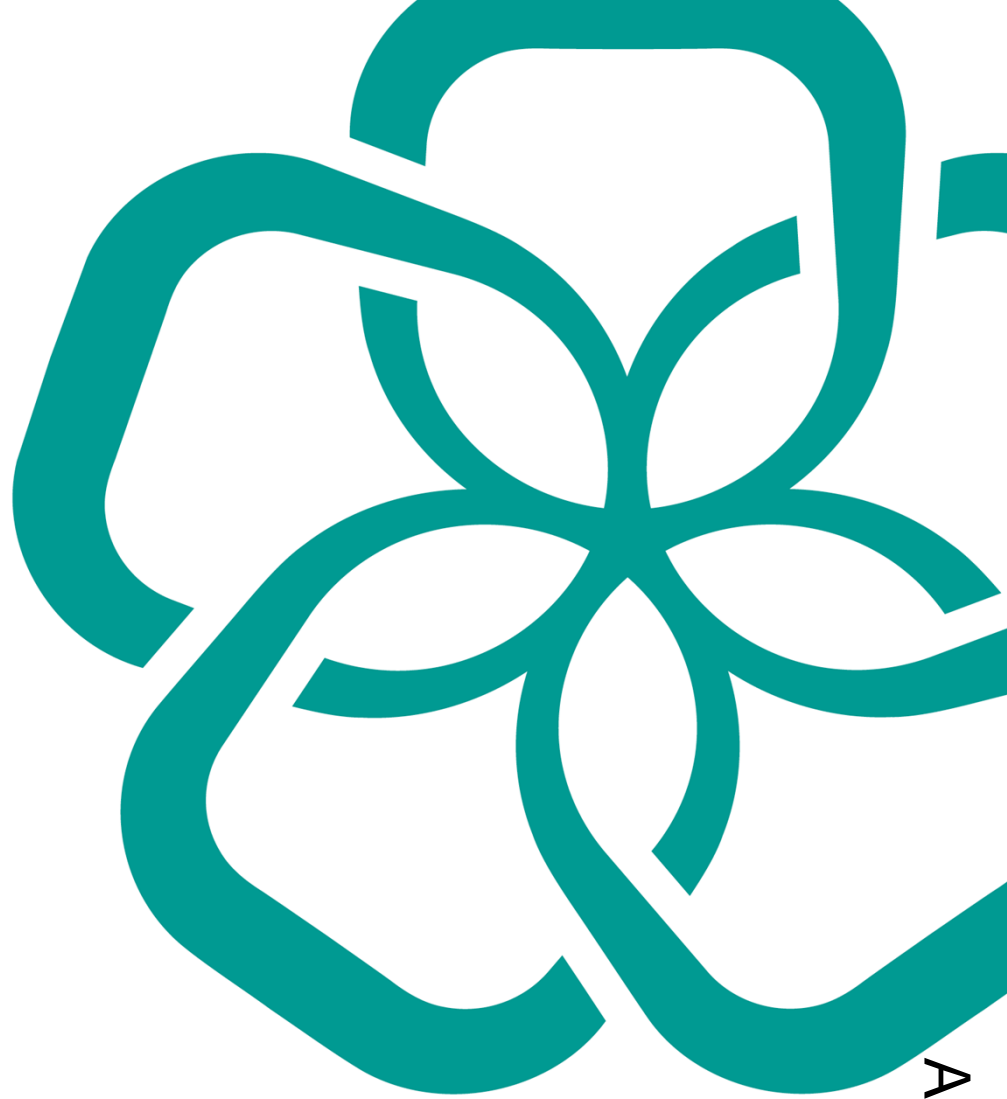
Tracy
Brabin
Mayor of
West Yorkshire

27

Appendix 1

DRAFT 24/25 Internal Audit Plan

January 2024



Agenda Item 6
Appendix 1

	Directorate	Assurance Area	Provenance and Links to Risks
1	Transport – Mass Transit	Rolling programme of multiple reviews – beginning with governance	Business plan commitments and director discussion, major focus for CA and Govt interest
2	Transport – Policy and Delivery	Bus Reform – rolling programme of multiple reviews	Business plan commitments and director discussion, major focus for CA and part of mayoral commitments
3	Transport – Policy and Delivery	Transforming Cities Fund (TCF)	Business plan commitments and director discussion, TCF of significant interest to DfT
4	Transport – Operations and Service Transformation	Access Bus – contract management and cost benefit	Business plan commitments and director discussion
5	Transport – Operations and Service Transformation	Further follow up on financial controls	Informed by work in 22/23 and 23/24, assessment of improvements to include outcomes of new system development
6	Transport – Passenger Experience and Asset Management	Commercial/Financial Processes including MCard, Concessions/WYTCL	Business plan commitments and director discussion, this is a key priority for this area which is supported by outcomes from audit work in 23/24
7	Transport – Passenger Experience and Asset Management	Bus Station Security	Business plan commitments and director discussion, this is an area of risk with additional investment required and assurance needed to confirm adequacy of controls and risk management
8	Transport – Passenger Experience and Asset Management	Asset Team structure and scope	Business plan commitments and director discussion, this is a key risk given the outcomes from audit work in 23/24 which showed the need for some fundamental changes to monitoring and managing this area of the directorate including considering the asset base and asset development board.

9	Inclusive Economy, Skills and Culture	AEB – rolling programme of provider reviews	Business plan commitments and director discussion, part of commitment to meet DfE requirements for the programme
10	Inclusive Economy, Skills and Culture	AEB – programme assurance review to inform annual assurance statement	Business plan commitments and director discussion, part of commitment to meet DfE requirements for the programme
11	Inclusive Economy, Skills and Culture	Multiply – programme review to inform annual assurance	Business plan commitments and director discussion, part of commitment to meet DfE requirements for the programme
12	Inclusive Economy, Skills and Culture	Skills bootcamps	Business plan commitments and director discussion, informed by work in 23/24 identifying need for assurance over governance and risk management
13	Inclusive Economy, Skills and Culture	Business support – a number of reviews on various grant programmes to be agreed	Business plan commitments and director discussion, informed by work in 23/24 and considering due diligence and controls. Further in the longer term on development of the business offer considering governance arrangements (to be kept under review and with links to Level 4 Devolution).
14	Policing, Environment and Place	Project and Programme Assurance (various reviews)	Business plan commitments and director discussion – include Brownfield Housing as it ends in March 25, particularly consider approach to risk in final year, a number of other reviews to be informed by risk profile during the course of the year.
15	Policing, Environment and Place	Climate Change – programme of assurance	Business plan commitments and director discussion along with emphasis in Corporate Risk Register and work conducted in 23/24
16	Policing, Environment and Place	Policing and Crime Team – advisory work on governance	Business plan commitments and director discussion and further to outcome of audit work in 23/24 on commissioning and links to governance in this area

17	Strategy, Communications and Intelligence	Business Planning – part of three year rolling cycle of reviews	Business plan commitments and director discussion and further to outcome of audit work in 23/24
18	Strategy, Communications and Intelligence	Business Continuity/ Incident Management	Business plan commitments and director discussion, this area is a priority due to lack of consistency in dealing with incidents in different areas of the business
19	Strategy, Communications and Intelligence	Programme of Project Reviews	Business plan commitments and director discussion, specific projects to be agreed in line with risk profiles during the course of the year
20	Strategy, Communications and Intelligence	Gateway review outcomes – follow up of recommendations (including gainshare monitoring)	Business plan commitments and director discussion
21	Finance and Commercial Services	Financial Position – management of issues and risk, forecasting – short and long term, grant spend	Business plan commitments and director discussion, need for work in this area particularly in light of delays to external audit giving assurance
22	Finance and Commercial Services	Financial Controls – address consistency of approach	Business plan commitments and director discussion, need for work in this area particularly in light of delays to external audit giving assurance
23	Finance and Commercial Services	Contract Management – central controls and monitoring, effectiveness of second line of defence	Business plan commitments and director discussion, risk identified in work undertaken on contracts in 23/24

24	Finance and Commercial Services	Commercial Development and Investment	Business plan commitments, need to consider governance and risk management with specific focus to be agreed
25	Corporate Centre - ICT	Programme of assurance in line with a risk assessment but to include Cyber Security	Business plan commitments, Chief Operating Officer discussion and Corporate Risk Register priority
26	Corporate Centre - COO	Level 4 Devolution Readiness	Chief Operating Officer discussion, emerging risk, consideration of governance framework, risk management
27	Corporate Centre - HR	Programme of Assurance	Business plan commitments, Chief Operating Officer discussion, programme to be agreed in line with risk profile and discussion with Head of Service
28	Corporate Centre – Legal, Governance and Compliance	Annual assessment of Risk Management	Assurance to support the Annual Governance Statement
29	Corporate Centre – Legal, Governance and Compliance	Annual assessment of GDPR	Assurance to ensure continuing compliance with statutory and regulatory responsibilities
30	Corporate Centre – Legal, Governance and Compliance	Programme of Assurance	Business plan commitments, Chief Operating Officer discussion, programme to be agreed in line with risk profile and discussion with Deputy Director
31	Corporate Centre - EDI	Programme of assurance and compliance checks	Business plan commitments, EDI oversight board discussion and commitment
		Counter Fraud/AML and Whistleblowing work	Combined Authority Financial Regulations, addressing fraud risk and any referrals under these three policies

		Grant Audits	In line with funding applications and funding agreements, to be added to the plan as needed
		Attendance on Boards	Advice and guidance to inform the control framework
		Various grant certifications	In line with funding applications and funding agreements

Report to:	Governance and Audit Committee
Date:	11 January 2024
Subject:	External Audit Progress Report
Director:	Angela Taylor, Director of Finance and Commercial Services
Author:	Gary Dowson, Head of Finance

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

1. Purpose of this report

- 1.1 To provide an update on external audit matters that have occurred since the last meeting.

2. Information

2021/22 Audit of Accounts

- 2.1 It was previously reported that the audit was substantially complete, with the only outstanding work being consideration of the impact of the revised pension disclosures arising from the additional information from the triennial valuation.
- 2.2 Mazars have now addressed the revised pension position and the audit was completed on 30th November 2023 with an unqualified audit opinion issued.
- 2.3 The Committee considered the [audit closure report](#) from Mazars at its meeting in March 2023 following which it then approved the accounts with any final changes to be shared with the Committee once the final points were cleared. The adjustments to the pension disclosures have had no impact on the results for the year.

- 2.4 The final approved accounts are available at [statement-of-accounts-2021-22-signed.pdf \(westyorks-ca.gov.uk\)](#) and the update to the audit conclusion report from Mazars can be found at **Appendix 1**. The auditors will be in attendance and can provide any further verbal updates required.
- 2.5 Work will be undertaken shortly on the value for money opinion which is referenced in the Appendix.

2022/23 Audit of Accounts

- 2.6 The Committee is aware, from previous reports, that the delay to the conclusion of the 2021/22 audits has had an impact on auditor resource allocation to undertake the audit of the 2022/23 accounts.
- 2.7 It was also previously reported that, in line with a significant number of other local government organisations, the Combined Authority has focussed on responding to the need to re-consider the 2021/22 accounts and ensure accuracy and attention to detail for the 2022/23 accounts, particularly given the likely timescales to start the audit work and that any changes to 2021/22 accounts are likely to impact on 2022/23 accounts.
- 2.8 Following the November 2023 completion of the 2021/22 audit, the 2022/23 draft financial statements are being finalised and will be provided to members in advance of the January meeting of the Committee. Mazars are considering their approach to the 2022/23 audit and will be able to provide an update on audit timescales at the meeting.

Proposed Fee Scale for 2023/24 Audits

- 2.9 As previously reported, Public Sector Audit Appointments (PSAA) had confirmed a major re-set of total audit fees for 2023/24, being an increase of 151% on total fees for 2022/23, and in September 2023 entered into a statutory consultation of opted in bodies on that basis.
- 2.10 The consultation explained how PSAA proposed to calculate the audit fees which will make up the 2023/24 fee scale. The proposals involved managing the impact of a range of elements, including the additional fees now required for recurrent additional work, changes in local audit requirements (for example updated technical standards) and adjustments at individual bodies where local circumstances now require more audit work than previously. Consequently, the proposed scale fee for each opted-in body better reflects the audit work required under the current Code of Audit Practice published by the National Audit Office and the regulatory expectations of the Financial Reporting Council (FRC). It is the intention that updating the fee scale in this way will have the benefit of making expected fees clearer for opted-in bodies much earlier in the audit cycle and reducing the volume of ongoing fee variations.
- 2.11 Under the Local Audit (Appointing Person) Regulations, the 2023/24 fee scale must be published before 1 December 2023 and cannot be amended after that date. Any

subsequent changes in national requirements or local circumstances relating to the 2023/24 audits will therefore be the subject of fee variations.

- 2.12 The consultation ended in October 2023 to allow for consideration of the responses ahead of the 1st December 2023 statutory deadline.

Confirmed Fee for 2023/24 Audit

- 2.13 Having reflected on the consultation outcome, PSAA has decided to set the 2023/24 fee scale as proposed in the consultation. The summarised outcome of the consultation is included at **Appendix 3** for information.
- 2.14 The 2023/24 audit fee for the Combined Authority is £95,792, an increase of 151% on the 2022/23 fee of £38,164.
- 2.15 Whilst recognising the significant financial pressures on all types of local government bodies and understanding that any further cost pressure is unwelcome, PSAA has stated that the level of the 2023/24 fee scale is determined by both the audit work needed to deliver audits compliant with the requirements of the Code of Audit Practice, and market rates.
- 2.16 The Committee has previously considered the annual audit fee and has recognised the increasing complexity of audit work required. The scale of increase is however extremely challenging, coming at a time of immense financial pressure on the local government sector as well as at a time when it is unclear how and when the 2023/24 audit work will actually be undertaken. Paragraph 2.17 below sets out the continuing delay on resolving the backlog of local audits and highlights therefore the risk that the audit fee for the 2022/23 work will not necessarily deliver a full audit opinion. It is proposed that representations are made to PSAA about this situation.

Financial Reporting and Audit in Local Authorities

- 2.17 The previously reported cross system discussions on proposals to clear the backlog of local audit delays continue. There has been no conclusion regarding the timetable for audit work for 2023/24 and earlier years for which audit opinions are outstanding. An update will be brought to the next meeting of the Committee.

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 The increase in audit fees for the 2023/24 audit work will have to be reflected in future budgets.

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 the position with regard to external audit work.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

Appendix 1 – Supplementary audit report from Mazars relating to 2021/22 audit work

Appendix 2 - 2022/23 draft accounts **TO FOLLOW**

Appendix 3 – Outcome of 2023/24 fee consultation



Governance and Audit Committee
 West Yorkshire Combined Authority
 Wellington House
 40-50 Wellington Street
 Leeds
 LS1 2DE

Direct line +44 (0) 113 394 5316
 Email mark.dalton@mazars.co.uk
 Date: 30 November 2023

Dear Members

Conclusion of pending matters– Audit completion report

Following on from the 22 March 2023 Governance and Audit Committee meeting and as required by International Standards on Auditing (UK), I am writing to communicate the conclusion of those matters that were marked as outstanding within the Audit Completion Report issued on 16 March 2023.

The outstanding matters and the conclusions reached are detailed below:

Matter	Conclusion reached
Movement in reserves	We have completed our work in this area and have no issues to report.
Pensions	We have completed our work in this area and except for the issue noted in Appendix 1, we have no significant issues to report.
Property plant and equipment	We have completed our work in this area and except for the issue noted in Appendix 1, we have no significant issues to report.
Financial Instruments	We have completed our work in this area and except for the minor issue noted in Appendix 1, we have no issues to report.
Whole of Government Accounts (WGA)	Our work is not complete and we cannot issue our 2021/22 audit certificate as the NAO has not confirmed which entities will be sampled non-material components at this time. We will work with management to finalise this work.

Audit Quality Control and Completion Procedures	We have completed our final review and closure procedures and there are no matters to report.
---	---

Audit Certificate

Upon satisfactory completion of our VFM commentary work, including issuing our Auditor's Annual Report and satisfactory completion of our WGA work, we will issue the Audit Certificate for 2021-22.

If you wish to discuss these or any matters, please do not hesitate to contact me.

Yours sincerely



Mark Dalton

Director

Appendix I

Deficiencies in internal controls:

The following control weaknesses have been noted, since the issue of our Audit Completion Report.

Description of deficiency

As part of our work on related party transactions we noted, three declarations of interest for some of the Local Enterprise Partnership officers had not been provided because they had not been filled.

Potential effects

The related party transactions disclosure note in the Statement of Accounts is not complete, conflicts of interest may not have been declared and potential public perception of impaired transparency.

Recommendation

The Authority should implement checks to ensure that all completed declaration of interests are collated, in preparation of the financial statements.

Management response

Management will implement this check for future audits.

Unadjusted misstatements:

The following two unadjusted misstatements were noted, since the issue of our Audit Completion Report:

Item 1	Income statement	Reserves
	£,000	£,000
Debit: CIES (income)	£1.031	
Credit: General fund reserve		£1.031

As part of our income testing income, we noted funding totalling £255.6k was received in 2021/22. It related to the prior year 2020/21 and accrual totalling £238.7k was processed in that year. Therefore, the under accrual relating to 2020/21 (£16.9k) was extrapolated, resulting in a projected misstatement of £1,031k in 2021/22.

Item 2	Assets	Reserves
	£,000	£,000
Debit: PPE land & buildings	£1.410	
Credit: Revaluation reserve		£1.410

As part of our testing of PCC land and building valuations, we noted the incorrect floor area had been applied, resulting in the error reported.

Adjusted misstatements:

The following adjusted misstatement was noted, since the issue of our Audit Completion Report:

Item 1	Liabilities	Reserves
	£,000	£,000
Debit: Pension Liability	£25.534	
Credit: Pension Reserve		£25.534

Since we presented the Audit Completion Report in March 2023, there has been a triennial review of the West Yorkshire Pensions Fund (as at 31 March 2022). The Authority has obtained an updated actuary report and has updated the accounts for the revised position, which also includes the associated adjustment for West Yorkshire Police (as detailed in appendix 2). Associated amendments have also been made to related notes (including the addition of a post balance sheet event disclosure in Note 34).

Disclosure errors

The following disclosure errors were noted, since the issue of our Audit Completion Report and have been adjusted by the Authority:

- The Expenditure and Income analysed by Nature (Group) the Pension expenditure was understated by £130.2 m and the depreciation, amortisation, impairment overstated by the same amount. This has been corrected by management.
- As part of our review of the financial instruments' disclosures, we noted the debtors and creditors balance included all short-term debtors and creditors in the balance sheet, including those which do not meet the definition of a financial asset. Consequently, the client has amended the balances to only include exchange transactions.
- Note 16 (creditors) - we noted an inconsistency between the total creditors in note 16 (£222.7m) and the total in the balance sheet (£207.7m). The accounts have been updated and are now consistent.
- Note 12 (financial instruments) – the disclosure has been updated to ensure it is consistent with other notes and statements.

The following disclosure errors have not been amended by the Authority, on the grounds of materiality:

- Our review of note 19 (unusable reserves - accumulative absence account) highlighted that the authority is only applying the requirements to recognise a leave accrual to police officers and police staff. We recommended that the note should be updated to confirm the treatment of non-police staff. This has not been updated by management on the grounds of materiality.
- Cash flow statement - As part of our consistency checks, we noted minor inconsistencies between the 2020/21 balances the current year's depreciation figure (as disclosed in other disclosure notes).

- Our review of the financial statements highlighted several minor typographical and consistency errors, which have not been updated in the accounts.

Appendix II

Here we have listed the misstatements reported to other Group members (West Yorkshire Police).

Unadjusted mis-statements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Creditors			1,058	
	Cr: Expenditure		1,058		
During our cut-off testing, we identified two errors. The actual errors identified were £1,227 and £2,387. Whilst the actual total errors identified were only £3,614, when extrapolated across the untested population (as required by our audit approach) this equates to a total extrapolated error of £1,058k.					
Total unadjusted misstatements		-	1,058	1,058	-

42

Adjusted mis-statements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Fair Value of Plan Assets			9,235	
	Cr: Return on plan assets				9,235
Being the adjustment in the updated actuary report received in September 2022 which resulted in an increase in WYP's share of plan assets by £9,235k, reducing the pension fund liability and increasing the pension fund reserve by this amount.					
2	Dr Pension liability			25,921	
	Cr Pension Reserve				25,921
Being the adjustment in the updated actuary report (May 2023) for the impact of the triennial review					
Total adjusted misstatements				35,156	35,156

Disclosure errors

Disclosure amendments

The following disclosure amendments have been agreed with management:

- **Note 7 – Senior Officer Remuneration** – the disclosures for the Assistance Chief Constable (People) had been incorrectly pro-rated (including 27 days of June in the disclosure as opposed to 3 days). The salary, pension and total amount has been amended.
- **Note 8 – External Audit Costs** – the disclosure has been amended to reflect the actual fee payable to the predecessor auditor and the expected fee for 2021/22 audit.
- **Note 10 – Related Party Transactions** – the disclosure for West Yorkshire Combined Authority has been updated to include the charges for assets consumed. West Yorkshire Pension fund has also been disclosed as a related party.
- **Note 4 – Events after the Balance Sheet date** – the note has been updated to include a disclosure for the updated pension liability as a result of the triennial review for the West Yorkshire Pension Fund.

We have also identified a number of minor presentational amendments which have been adjusted by management.

This page is intentionally left blank

Summary of the 2023/24 fee scale consultation

Background

PSAA has published the fee scale for 2023/24 audits, following consultation with opted-in bodies and stakeholders.

Local audit regulations require PSAA to set the fee scale before 1 December of the financial year to which the scale applies.

A significant proportion of audit work is undertaken after the end of the relevant financial year by necessity. There is currently a local audit system-wide discussion taking place about the timetable for the audit work for 2023/24 and earlier years for which audit opinions are currently outstanding, but there has been no announcement on the way forward at the time of writing.

Our consultation explained the difficulties of setting the fee scale at a time of significant change in the local audit system. The audit profession has been subject to high levels of scrutiny in recent years following several widely reported financial failures in the private sector. Over this period there have been growing delays in completing local audits. In July 2023 the Department for Levelling Up, Housing and Communities (DLUHC) announced proposals to address the backlog and is working with all stakeholders to tackle the complex issues involved. We will write to opted-in bodies individually when we have more information on confirmed changes and their impact on audit fees.

The 2023/24 audits are the first in the second five-year appointing period specified by PSAA, covering 2023/24 to 2027/28. PSAA awarded new contracts for this period in 2022 to six audit firms, following a challenging and protracted procurement. The procurement demonstrated clearly the limited audit capacity available to meet the demands of the local government audit market and resulted in an increase of 151% on total fees for local audit work.

The 2023/24 fee scale

PSAA has set the 2023/24 fee scale on the basis of the work required under the [Code of Audit Practice 2020](#) published by the National Audit Office and associated auditor guidance, and the regulatory expectations of the Financial Reporting Council (FRC). The 2023/24 scale fees for all bodies have been updated as far as possible to reflect expected audit requirements. The aim is to make expected fees clearer for opted-in bodies much earlier in the audit cycle and reduce where possible the volume of ongoing fee variations.

After careful consideration of the issues raised in the feedback to our consultation, we have set the fee scale for 2023/24 based on the following elements we set out in the consultation:

2023/24 fee scale elements

A The scale fees for 2022/23

Plus:

B Approved fee variations for recurrent additional audit work in prior years not yet included in scale fees, or estimates where audits have been delayed¹

C Changes in local audit requirements²

D Adjustments at specific bodies for local circumstances

E Adjustment for the procurement outcome (151%, applicable to total fees)

Notes:

- 1 The categories of recurrent additional work consolidated into the fee scale cover: group accounts, pension valuation, PPE valuation, enhanced audit requirements in relation to public interest entities and major local audits, increased FRC challenge, PFI, and investment valuation (pension funds only).
- 2 The categories of work consolidated into the fee scale include: the VFM arrangements commentary and ISA 540 revised, but not ISA 315 revised (because we do not have a consistent basis yet for estimating the additional fees needed).

The total audit fee for an opted-in body is a combination of:

- **the scale fee**, which is based on the information available to PSAA at the time of setting the fee scale; and
- **fee variations**, which are based on our assessment and challenge of the information provided by an auditor as to why they have had to do more/less work than expected.

We are very much aware of the significant financial pressures on all local government bodies and understand that any further cost pressure is unwelcome. The level at which we are setting the 2023/24 fee scale is largely determined by two factors, neither of which PSAA can control: the audit work required to deliver audits compliant with the requirements of the Code of Audit Practice; and the market rates received in our public procurement.

The fee scale consultation

[Our consultation](#) explained that PSAA's proposal was to set the 2023/24 fee scale on the basis of updating individual scale fees to reflect current audit requirements for all opted-in bodies. This updating is particularly important for the 2023/24 fee scale, to ensure fees are set on a consistent and equitable basis at the start of the new contract period.

The consultation on the fee scale took place between September and October 2023. The regulations require us to consult:

- all opted-in bodies;
- those representative associations of principal bodies considered appropriate; and
- relevant bodies of accountants.

As a matter of course we also invite consultation responses from other key stakeholders, including the firms, relevant government departments, DLUHC, stakeholders such as the NAO, the FRC, the LGA, and members of the PSAA Advisory Panel and their treasurers' societies.

We also wrote to each opted-in body during the consultation period to set out the calculation of their expected scale fee based on the consultation proposals.

Consultation responses

We received a good response to the fee scale consultation, in terms of the number of responses and the comments provided. We received 128 responses in total (25% of all consultees), with 126 responses (98%) from opted-in bodies and two from other stakeholders.

The majority of consultation responses (70%) broadly support the proposed approach to setting the 2023/24 fee scale and 30% of consultees do not support the proposals.

Summary of consultation outcome

Support without caveats		Support with caveats		Total YES Agree with proposals		Total NO Do not agree	
Number	% of total responses	Number	% of total responses	Number	% of responses	Number	% of responses
16	13%	73	57%	89	70%	39	30%

Many responses reflect a pragmatic acceptance of the fee increase, but also highlight concerns. Of those who support the fee scale proposals, 82% (73 replies) raised some issues or concerns, as did all those who do not support the proposals.

The issues raised in responses to the consultation are complex and PSAA does not control many of the factors involved. For example, PSAA's remit does not include being able to:

- change the scope of local audits;
- direct auditors as to the amount or timing of their work; or
- secure additional funding for higher audit fees.

Themes in consultation responses

There is a very broad range of views reflected in individual responses to the consultation. The most common themes were:

1. Concern about the fee increase for 2023/24, given the financial pressures on bodies.
2. The expectation that PSAA must hold auditors to account for delivery.
3. The increase in fees must entail a better service from the firms.
4. Criticism about the efficiency/performance of the firms.
5. The level of the fee increase is not acceptable.
6. There should be additional funding for the increase.

7. Audit costs should be reduced to provide better value for money for taxpayers.
8. Auditors should focus on areas of the accounts that are relevant to local government bodies.

Many of the responses supporting the consultation proposals are clear that an overall increase of 151% on total fees for 2023/24 is very unwelcome. However, there is recognition of the circumstances that have led to the increase, specifically more extensive audit requirements. The increase is also the outcome of our public procurement drawing on the entirety of the market available to us within the current framework. The procurement was extremely challenging, and we only secured the required audit supply after several procurement rounds. In England, as opposed to the other parts of the UK, there is no auditor of last resort. We are entirely dependent on the market to supply and so determine the price of audit work. No firm is obliged to undertake this work and firms make commercial decisions taking into account the other opportunities to deploy their limited staff resources.

The positive responses mostly welcome PSAA's proposed actions to build into scale fees the additional fees for ongoing audit requirements. Opted-in bodies say they welcome greater certainty about total audit fees, having also raised this concern in previous fee scale consultations. Our approach in setting the 2023/24 fee scale has been to ensure that fees are set as realistically as is possible, updating fees to reflect the changes in recent years in audit requirements under the Code of Audit Practice and the regulatory expectations of the FRC. Updating the fee scale in this way is intended to make expected fees clearer for opted-in bodies much earlier in the audit cycle and reduce the volume of ongoing fee variations.

Consultation responses which do not support the fee scale proposals generally take the view that opted-in bodies should not be required to pay additional fees, and that any additional requirements should be allowed for in the audit contracts. These views are, however, in the minority. The local audit framework under which the contracts are let requires the appointing person to set audit fees based on the requirements of the Code of Audit Practice. The legal framework recognises the potential need for changes in the level of audit work required to deliver a Code-compliant audit and includes a provision in the regulations for this. In the interests of safeguarding public funds, the contracts do not provide for potentially costly contingencies for changes in requirements that may or may not occur and for which the specific impact could not be quantified at the time of contract award.

There is an expectation in consultation responses that the higher fees must come with a more timely and efficient audit experience. Once appointed, auditors exercise their responsibilities independently under local audit legislation and the professional framework, and PSAA does not have the ability to penalise audit firms or direct the way they work. The audit contracts with the firms reflect the requirements of the Local Audit and Accountability Act 2014 and the Appointing Person Regulations (2015) and are very different to a typical services contract in relation to any sanctions PSAA could apply. However, where possible we have made some positive changes to contract monitoring and management provisions in the audit services contracts applicable from 2023/24 to reflect the changed local audit market and in view of feedback from opted-in bodies. The new contract measures include a milestone-based payment mechanism and monitoring using performance indicators. In addition, the FRC's Ethical Standard does not permit contingent fees so it is not possible to reduce supplier payment for not delivering an audit opinion by the target publishing date. It

remains the case that PSAA's new contract arrangements need a functioning and robust supply market to be fully effective.

A [set of questions and answers](#) on the issues raised in responses to the fee scale consultation is available on our website.

Consultation outcome

We welcome the feedback received to our consultation and thank those who responded. The PSAA Board has reflected on the consultation outcome and takes very seriously all the points made.

We understand the concerns and issues raised in the consultation. Many are complex and typically extend beyond PSAA's own remit. We have highlighted the need for urgent action to reform the local audit system in England, in response to the pressures and market fragility experienced in recent years. In our view radical changes are needed in the local audit system to achieve a more proportionate audit and a more sustainable audit system. We will continue to seek action on these issues with government and key stakeholders.

This page is intentionally left blank

Report to:	Governance and Audit Committee
Date:	11 January 2024
Subject:	Draft Treasury Management Statement and General Reserves Strategy
Director:	Angela Taylor, Director Finance and Commercial Services
Author:	Gary Dowson, Head of Finance

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

1. Purpose of this report

- 1.1 To endorse the Treasury Management Statement and Strategy prior to their consideration by the Combined Authority.
- 1.2 To endorse the general reserves strategy prior to its consideration by the Combined Authority.

2 Information

Treasury management

- 2.1 The regular governance meetings continue to be held with both Treasury partners (separate arrangements are in place for the Police Fund) to consider and review the transactions relating to investments and treasury management. No areas of concern were raised since the last meeting on 25th October and 27th October 2023, with Leeds City Council (for the Combined Authority Fund) and Wakefield Council (for the Police Fund) respectively. The high level of cash balances and the challenges with regard to placing funds with approved counterparties, are unchanged since previously reported.

- 2.2. It is intended to bring together all the treasury management arrangements such that they will be administered by a single partner authority. The Treasury Management Strategy encompassing the whole organisation is attached as Appendix 1.
- 2.3. The Combined Authority capital programme wholly relates to investment in Transport infrastructure and Economic regeneration projects. The Police Fund capital programme covers police related schemes such as vehicles, police stations and investment in new information and communications technology. The capital programme for the Police Fund is recorded separately in accordance with legislation and is therefore excluded from the above figures.
- 2.4. The full budget report is in preparation for the Combined Authority meeting of 1 February 2024. This will include the Treasury Management Statement and Strategy. These are included at Appendix 1 and comments on the draft statements are invited from members. Members are asked to note that the Treasury Management Statement (TMS) and arrangements are required to cover the whole organisation but recognising that the decision making arrangements are different for policing activity and for the rest of the Combined Authority. The draft TMS reflects all of the requirements of the CIPFA Codes of Practice 2021 and provides the framework for planned treasury activities, and the capacity for these to be extended for any further borrowing required.

Reserves

- 2.5. The Combined Authority has a number of usable and unusable reserves that will be considered as part of the budget setting process. Members will recall that the overall position was presented to the Combined Authority at its October meeting. At that meeting the decision was taken to repay the £51.2 million West Yorkshire plus Transport Fund reserve that had been created to meet the local contribution required, and build it back up from 2024/25, to better match need. This was an opportunity to respond to the difficult financial circumstances facing local authorities at that point, and has reduced the current level of cash balances and thereby reduced slightly the interest being earned. The other key reserve to be considered is the general reserve and the Committee is asked to consider the approach to this ahead of the budget meeting in February.
- 2.6. The budget proposal that will be considered by the Combined Authority in February should be supported by an appropriate reserves policy. Good practice is that such a policy should be based on a risk assessment of the different areas of spend and income and as such will vary from year to year and from organisation to organisation. The impact of both the after-effects of the pandemic and the current economic crisis is that risks are increased in terms of size and impact. The workings for this year's reserves policy are set out in **Table 1** below and are based on the approach taken in previous years with an updated assessment of the relative risks currently facing the Combined Authority. In previous years Members have been keen to understand how this compared to any national guidance and accepted that while a strategy of 5% is a prudent starting point, final decisions should reflect the extent of any earmarked reserves and the particular risk around different areas of income and expenditure.

- 2.7 In proposing maintaining the general reserve at £14m the Combined Authority is mindful both of the pressure on local authorities and that these pressures are such that holding high levels of reserves may not be helpful. The table below shows the areas of volatility, and where it is prudent to hold a level of reserves to enable in-year challenges to be responded to.

Table 1: General Reserves Policy

Reserves Policy	Budget 2024-25 £m	Reserves 2024-25 £m
Risk on Concessions	48.60	
10% contingency for risks on patronage volumes and changes to the reimbursement model by DfT on ENCTS		3.60
Risk on Subsidised Bus services (gross)	40.70	
10% contingency due to inflationary and market conditions		4.07
Risk (general) on other areas of activity		
Transport operations (excl concessions and tendered services) 10%	12.00	1.20
Payroll inflation (assumed at 3%, risk it could be up to 5%)	38.03	0.76
Other- legal/financial/litigation etc		4.50
Total reserves required		14.13

- 2.8 The views of the Committee are sought to enable the finalisation of the treasury management strategy and general reserves strategy prior to their inclusion in the budget paper in February.

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 The treasury management strategy will inform and shape future financial decision making and the reserves strategy forms a fundamental part of the wider financial strategy.

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 That the Committee consider the position on treasury management and the attached treasury management statement and provide any feedback on its contents.

10.2 That the Committee consider the general reserves strategy and provide any feedback on its contents.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

Appendix 1 – Draft Treasury Management Strategy Statement 2024/25

Appendix 1 – Treasury Management Strategy Statement

1. This statement sets out the Treasury Management Strategy for 2024/25 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, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authority's low risk appetite in this regard, providing adequate liquidity initially before considering investment return.
3. The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This means that the Combined Authority 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.
4. CIPFA defines treasury management as:
"The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
5. 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 from section 15.
6. 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.

7. 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 is intended will be used at the appropriate time 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 is underway to determine the extent to which future years' gainshare will be utilised to support a future capital programme and the extent of any borrowing required. The forecasts will be updated as these plans are crystallised. Borrowing is also required to support the delivery of policing in West Yorkshire, with a range of projects in development.

Treasury Management activity – Borrowing

8. The treasury management portfolio as at 30 November 2023 and for the projected position as at 31 March 2024 is shown below for borrowing.

Total Loans outstanding at 01/4/2023	£m
Fixed term loans - CA General Fund	75.0
Fixed term loans- Police Fund	73.8
<u>Activity during 2023/24:</u>	
Loan repayment - CA General Fund	0.0
Loan repayment - Police Fund	(0.4)
Anticipated loan outstanding at 31/03/2024:	148.4
<u>Activity expected during 2024/2025:</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	(0.4)
Anticipated loans outstanding at 31/03/2025	148.0

9. Interest rates have increased rapidly since the beginning of 2022 to reach the current base rate of 5.25% which has been steady since August 2023. Rates are forecast to start to fall during 2024/25 but the speed of this will be dependent on how inflation rates change. Opportunities to refinance loans remain limited.
10. 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. No such opportunities have arisen so far in 2023/24. 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.

11. 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.
12. The Combined Authority's cash balances have been increasing in recent years due primarily to large grant payments for capital schemes being received in advance. This 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 2024/25 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 City Region Sustainable Transport Settlement, Brownfield Housing, Levelling Up Fund 2, Adult Education Budget, and other capital funding initiatives under the Mayoral Combined Authority in 2024/25, including the £38 million annual gainshare payment.
13. 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.
14. The Combined Authority has strict rules on investment criteria which are set out in paragraphs 15 to 18 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

15. 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) 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”.
16. 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 (for CA general funds) and Wakefield Council (for the Police Fund) and it is expected that these services will continue to be provided by one of the local authority partners.
17. 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: -
 - 17.1. The Chief Finance Officer (Director, Finance and Commercial Services) shall determine the amounts and periods.
 - 17.2. The procedural documents as approved for their Treasury Management Division by Leeds City Council and Wakefield 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.
 - 17.3. 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 (for each of the CA general fund and police fund portfolios) will mature in each of 2024/25, 2025/26 and 2026/27.
 - 17.4. Investments with Leeds City Council will not exceed £15 million, the interest rate for such deposits being agreed between the Chief Finance 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.
 - 17.5. Investments with any one counterparty should not exceed £15 million (for each of the CA fund and police fund portfolios).
 - 17.6. Investments with the Combined Authority’s bankers are specifically excluded from the limits set out, in recognition of the fluidity of such arrangements.
18. 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.

THE PRUDENTIAL INDICATORS

19. 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.
20. 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. Agreement made with the government on the limit on the Authority's total long-term external debt for 2023/24 is £381.6m for 2023/24 and this is expected to be carried forward to 2024.25. 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.
21. The projection of external debt figures outlined in this report falls well within the year end ceilings incorporated into the debt deal.
22. 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.
23. 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.

24. 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 forms part of the West Yorkshire Investment Strategy which is planned to be updated in the first part of 2024.
25. 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 known income streams, including through its levy on the Districts, gainshare funding or through precept/Home Office funding for borrowing on delivering policing services.
26. 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.
27. 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.
28. 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.
29. When the Combined Authority last reviewed the borrowing limits in the light of market rates, it was determined that the limit was 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.
30. The Annex initially creates limits set at the required level of borrowing for 2023/24 and 2024/25. 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.
31. The attached (**Annex 1**) shows the calculation of the following prudential indicators separately for the CA general fund portfolio and the ring fenced police fund portfolio:

- 31.1. Gross external Borrowing requirement (Gross Debt and CFR). The gross borrowing requirement should not exceed the Capital Financing Requirement (CFR).
- 31.2. 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, and the level of precept for the police fund (as referred to above).
- 31.3. 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.
- 31.4. 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.
- 31.5. The limit on non-Treasury Investment should not exceed £20m. It also includes a ratio of estimated return on investment against revenue stream and net income from investments as a proportion of usable reserves.
- 31.6. 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.
32. The Liability Benchmark (or gross loans requirement as **Annex 2**) looks at a net management of the treasury position. It aims to minimise/reduce refinancing, interest rate and credit risks by profiling the borrowing portfolio against a benchmark. Liability benchmarks are broken down between the CA general fund and the ringfenced Police Fund in accordance with CIPFA guidance. There is no mismatch between the actual loan debt outstanding and the liability benchmark based on the current forecast.
33. 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.

Minimum Revenue Provision (MRP) Policy Statement

34. Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital

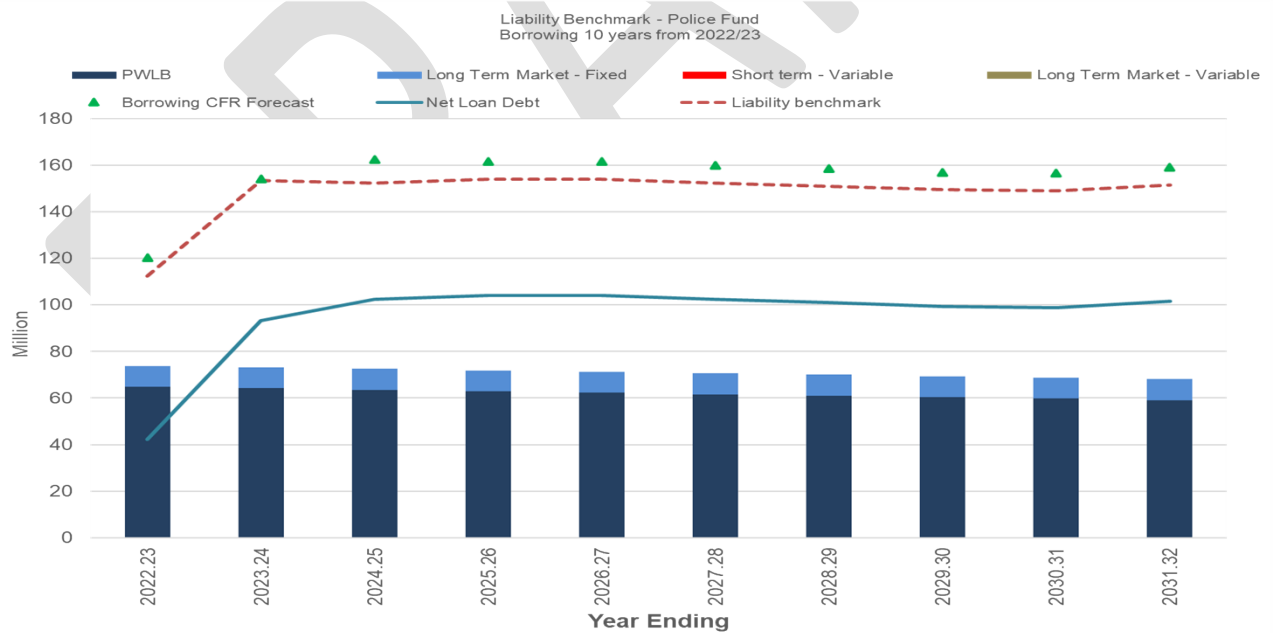
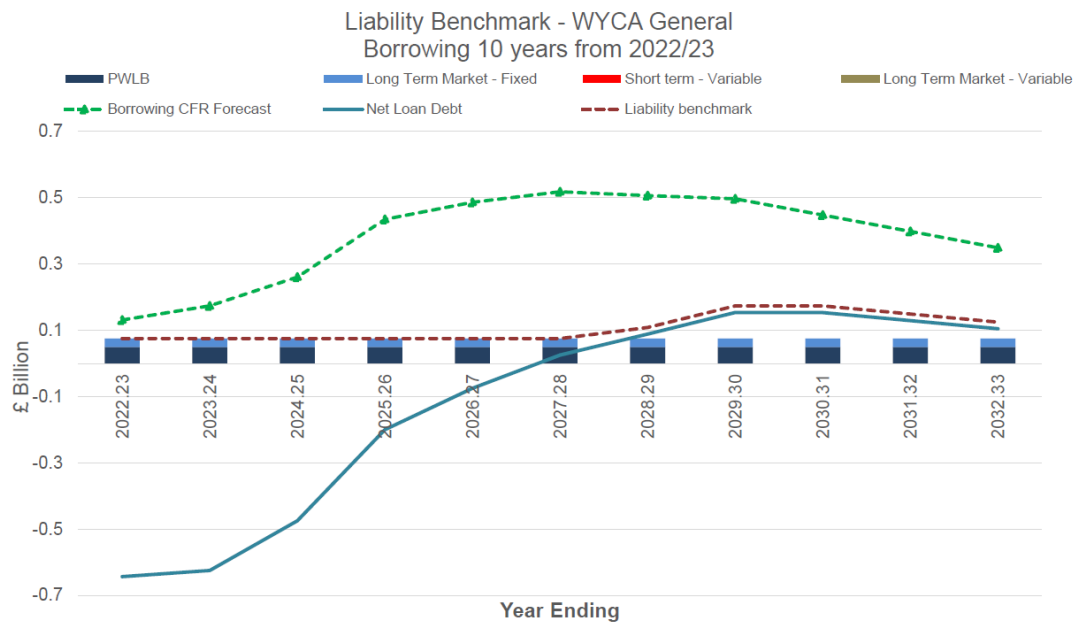
expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).

35. The Authority is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The recommended MRP statement is as follows:
 - a) For expenditure incurred before 1 April 2008 which forms part of supported capital expenditure, the MRP policy will be 4% reducing balance
 - b) From 1 April 2008 for all unsupported borrowing the MRP policy will be Asset life method (annuity) – MRP will be based on the estimated life of the assets such as land and buildings.
36. Capital expenditure incurred during 2024/25 will not be subject to an MRP charge until 2025/26, or in the year after the asset becomes operational. The Combined Authority will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.
37. The CA's policy is to finance shorter lived assets from capital receipts, grants and contributions where possible, with borrowing generally reserved for long term assets generated such as land and buildings.

Annex 1 - Treasury Management Strategy Statement Performance Indicators

	Notes		Current year 2023.24	Year+1 2024.25	Year+2 2025.26	Year+3 2026.27	
PRUDENTIAL CODE INDICATORS							
CAPITAL EXPENDITURE							
Estimate of Capital Expenditure	a						
WYCA - General		£k	324,189	545,672	544,361	435,022	
WYCA - PCC		£k	49,004	40,312	16,431	TBC	
Total		£k	373,193	585,984	560,792	435,022	
Capital Financing Requirement							
Borrowing							
WYCA - General	b	£k	173,659	260,621	434,807	486,287	
WYCA - PCC		£k	144,493	166,448	168,101	TBC	
Sub Total Borrowing		£k	318,152	427,069	602,908	486,287	
Other Long Term Liabilities							
WYCA - General		£k	0	0	0	0	
WYCA - PCC		£k	79,327	76,101	72,599	TBC	
Sub Total Other Long Term Liabilities		£k	79,327	76,101	72,599	0	
Total Capital Financing Requirement		£k	397,479	503,170	675,507	486,287	
EXTERNAL DEBT							
Operational Boundary							
WYCA - General	c	£k	100,000	100,000	100,000	TBC	
WYCA - PCC (Incl Other LTL PFI)		£k	233,000	253,000	253,000	TBC	
Total		£k	333,000	353,000	353,000	0	
Authorised Limit							
WYCA - General	c	£k	282,000	345,000	318,000	TBC	
WYCA - PCC (Incl Other LTL PFI)		£k	266,000	263,000	260,000	TBC	
Total		£k	548,000	608,000	578,000	0	
Actual External Debt (year end Forecast)							
WYCA - General							
PWLB		£k	50,000	50,000	50,000	50,000	
Market (Inc LOBO)		£k	25,000	25,000	25,000	25,000	
Short term (Actual)		£k	0	0	0	0	
Total Gross External Debt		£k	75,000	75,000	75,000	75,000	
Other Long Term Liabilities		£k	0	0	0	1	
Total Including OLTL		£k	75,000	75,000	75,000	75,001	
WYCA - PCC							
PWLB		£k	64,415	63,274	62,421	61,485	
Market (Inc LOBO)		£k	9,000	9,000	9,000	9,000	
Short term (Actual)		£k	0	0	0	0	
Total Gross External Debt		£k	73,415	72,274	71,421	70,485	
Other Long Term Liabilities		£k	0	0	0	0	
Total Including OLTL		£k	73,415	72,274	71,421	70,485	
Gross Debt and the CFR							
WYCA General External Borrowing	e		ok	ok	ok	ok	
Total Gross Debt and the CFR			ok	ok	ok	ok	
AFFORDABILITY							
Estimate of Financing Cost to Net revenue Stream							
WYCA - General							
Financing Cost		£k	7,244	7,463	8,464	13,379	
Net Revenue Stream		£k	103,533	102,269	101,127	TBC	
Ratio		%	7.00%	7.30%	8.37%	TBC	
WYCA - PCC							
Financing Cost	f	£k	12,010	11,878	12,054	TBC	
Net Revenue Stream		£k	159,933	164,947	173,070	TBC	
Ratio		%	7.51%	7.20%	6.96%	TBC	
INVESTMENTS - WYCA General Only							
Limit on non-Treasury Investments	g		20,000	20,000	20,000	TBC	
Estimate of Net Income from Investments for Commercial and Service Purposes							
Income		£k	108	75	57	TBC	
Ratio of Income from Commercial and Service Purposes to Net revenue Stream		%	0.10%	0.07%	0.06%	TBC	
TREASURY MANAGEMENT CODE INDICATORS							
Liability Benchmark for Borrowing			See annex 2				
Matunty Structure of Borrowing 2023/24							
	h	Lower	Upper	CA General Fund Projected £m 31/03/2025	%	Police Fund Projected £m 31/03/2025	%
under 12 mths		0%	30%	-	0.0%	0.85	1.2%
12 mths and within 24 mths		0%	20%	-	0.0%	0.94	1.3%
24 mths and within 5 years		0%	50%	-	0.0%	1.03	1.4%
5 years and within 10 years		0%	75%	-	0.0%	0.56	0.8%
10 years and within 20 years				-		-	
20 years and within 30 years				25.00		51.90	
30 years and within 40 years		25%	100%	25.00	100.0%	8.00	95.3%
40 years and within 50 years				15.00		9.00	
50 years and above				10.00		-	
				75.00	100.0%	72.27	100.0%
Upper limit for long term Treasury Investments to mature in following years							
Year +1	i			20,000			
Year +2				20,000			
Year +3				20,000			

Annex 2 – Liability Benchmark



DRAFT

This page is intentionally left blank



Report to:	Governance and Audit Committee
Date:	11 January 2024
Subject:	Risk Management
Director:	Alan Reiss, Chief Operating Officer
Author:	Caroline Allen Deputy Director, Legal, Governance & Compliance

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1: paragraph 3	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this Report

- 1.1 To consider any changes to the arrangements for internal control in the West Yorkshire Combined Authority since the last meeting of the Committee.
- 1.2 To present an update on the Combined Authority's compliance with regulatory requirements and internal controls (compliance dashboard).

2. Information

- 2.1 This paper is provided to each meeting of the Governance and Audit Committee and provides information and assurance on governance issues. Any changes to, or failures of, internal control will be reported along with significant risk issues.

Internal Controls

- 2.2 The Combined Authority's Corporate Centre Management Board (CCMB) under the leadership of the Chief Operating Officer has taken over responsibility for monitoring compliance with regulatory requirements and internal controls.

- 2.3 The integrated Finance, HR and payroll system CI Anywhere went live from 13 November 2023. System implementation was successful and supported by a series of employee and manager roadshow training sessions, training for budget holders and controllers, a dedicated intranet and online learning hubs.
- 2.4 There are further developments and implementation phases to come in the coming weeks and recruitment will be carried out in the system from January 2024. Further modules to be developed will support the approach to talent management and broader HR strategy. The system provides greater efficiencies in processes and integration between finance and budgeting, recruitment advertising and onboarding and payroll, working from one core data set.
- 2.5 Following presentation of the draft compliance dashboard to the last meeting of the Governance and Audit Committee, the dashboard has been published as part of the Combined Authority's publication scheme. An updated version of the dashboard for consideration of the Committee is provided at **Appendix 1**.
- 2.6 The dashboard has been populated with data where this is currently available, and work will continue to ensure that all data fields can be populated in future iterations.
- 2.7 The following key indicators can be drawn from the dashboard:

Information and Communications Technology

2.7.1 In September 2023 the Combined Authority, along with other transport authorities, was the target of a denial of service cyber attack which rendered its public facing journey planning website unavailable for 7 days. This is a serious matter, which affects the ability of people across West Yorkshire to plan their journeys. Since then, there have been two further instances of denial of service attacks which have affected the website, albeit for shorter periods. During these attacks, we have swiftly communicated with the public via social media and Metroline, and put in place additional protections to bring the service back online as quickly as possible.

Cyber security is rated Very High on the Corporate Risk Register (see item 10). Following the attack on the website, DDoS protection was implemented, which has proved partially effective and assisted with resolving the more recent attacks. Further options are being explored to mitigate further the risks to this key service.

The total number of attempted malware attacks has reduced from last year with zero successful attempts.

Complaints, Correspondence and Casework

2.7.2 The number of complaints received at stage one has increased over the last two months. September saw an increase in correspondence relating to school transport. This is an expected trend when schools return. Queries include overcrowding on the school buses, zero fare passes, boarding cards and reliability. The overcrowding and reliability issues usually settle down within the first few weeks back. October saw an increase due to issues relating to the MCard app. The MCard write app went down on 14 October. Customers were still able to purchase and transactions went through, however the ticket could not be written to the MCard. We estimated over 2000 failed transactions which needed refunding. The refunds were quickly processed by the sales team.

2.7.3 Response times to casework and correspondence met KPIs of above 85% for October and November.

Health and Safety

2.7.4 There have been no RIDDORs reported over the last two years. We are in the process of transitioning health and safety incident reporting into the new CiAnywhere system.

Internal Audit

2.7.5 The number of fraud/whistleblowing referrals have increased (8 to date) compared to last year (7 in total) and the year before that (1 in total). Of all the cases referred to date, 4 are currently still under investigation.

2.7.6 There is one overdue audit recommendation.

Legal, Governance and Compliance (including Information Governance)

2.7.7 There has been a drop (-4.1%) in the number of quorate Combined Authority committee meetings compared to last year however significantly fewer committees cancelled (-7%).

2.7.8 There was an error in the previous dashboard provided to the Committee, the percentage of Member declarations of interest returned within the 28 day deadline has improved year on year from 69% in 22/23 to 96.6% in 23/24.

2.7.9 Compliance with deadlines for publication of committee agendas and key decisions remains on target (100%).

2.7.10 Response times to FOIs have dipped slightly below the Combined Authority's KPI of 100%, however an internal process has been developed as well as communications to Officers to reemphasise the importance of meeting the legal deadline. At 97.4% compliance, this remains significantly above the Information Commissioner's Office (ICO) threshold of 85% which triggers enforcement action. Response

times to and data subject access requests have fallen below KPI however the number of requests which have exceeded the deadline remains low in numbers.

2.7.11 There have been no reportable data security incidents.

Human Resources

2.7.12 Percentage of Black, Asian and Minority ethnic employees remains below proportionate representation of West Yorkshire working age adults (13% compared to 19%). For staff joining in the past 12 months, we have matched the West Yorkshire average – 19% of new starters are from a Black, Asian and Minority ethnic background. Recruitment data continues to show positive steps being made.

Finance and Commercial

2.7.13 The total number of waivers of contract standing orders has risen year on year.

Future Developments

- 2.8 At the last meeting of the Committee, Members requested further development of the complaints section of the dashboard. Since that meeting The Local Government and Social Care Ombudsman (LGSCO) has consulted on a proposed joint statutory code of practice for complaints handling with the Housing Ombudsman. The draft code proposed changes to the reporting and monitoring of complaints by local authorities amongst other requirements.
- 2.9 Whilst it is not yet clear how the code will apply in practice to combined authorities, an internal working group has been set up, led by the Legal, Governance and Compliance service, firstly to respond to the consultation and secondly to consider and implement any necessary changes brought about by the code. At this stage the LGSCO intends that the final code will be published early in 2024 and be in use from April 2024.
- 2.10 It is proposed that any further changes to the complaints section of the dashboard together with the wider approach to complaints handling, monitoring and reporting by the Combined Authority be considered by this working group against the requirements of the draft code with an update presented to the Committee for consideration at its meeting in March 2024.

Financial Update

- 2.11 Revenue and Capital expenditure year to date positions and year end forecasts for the first 6 months of 23/24 have been prepared and will be reported to the Finance Resources and Corporate Committee in January 2024. The Combined Authority is reporting a Quarter 2 net income position of £2m compared to a budgeted position of net income of £47k.
- 2.12 The variations in both income and expenditure are predominantly driven by

the project portfolio, where the incidence of income and expenditure varies throughout the financial year, in contrast to budgets which are phased equally across 12 months.

- 2.13 The significant variances have been reviewed in detail and arise from timing differences, for example where income is received in advance of incurring related expenditure, or where expenditure is recovered from third parties, and this is only invoiced after the expenditure occurs. The introduction of the new finance system will facilitate improved phasing of budgets and thereby reduce temporary timing differences.

2023/2024 Quarter 2 Revenue Summary

	Actual to 30-Sep-23	Budget to 30-Sep-23	Difference 30-Sep-23	Difference 30-Sep-23
	£000s	£000s	£000s	%
Income				
Transport Levy	46,099	46,099	-	0%
AEB Income	36,739	34,817	1,923	6%
Pre Paid Ticket Income	14,070	11,000	3,070	28%
Income - Operational	9,878	7,449	2,429	33%
Funding - Grants	16,666	31,121	(14,455)	(46%)
Tendered Services Income	2,531	3,161	(630)	(20%)
Total Income	125,984	133,646	(7,662)	(6%)
Expenditure				
AEB costs	36,685	34,756	(1,930)	(6%)
Concessions	23,637	23,088	(549)	(2%)
Consultancy and Professional Services	693	1,372	679	49%
Employee Costs	18,312	20,627	2,314	11%
Financing Charges	549	3,593	3,044	85%
Grants and Agency costs	3	568	565	99%
ICT Related Costs	1,791	1,819	28	2%
Indirect Employee Costs	745	872	126	14%
Members Allowances & Expenses	121	186	65	35%
Non-staffing Project costs	10,288	25,172	14,884	59%
Premises Costs	2,804	3,693	889	24%
Prepaid Tickets Costs	12,402	11,000	(1,402)	(13%)
Supplies and Services	1,609	1,834	224	12%
Tendered Services	19,026	16,786	(2,240)	(13%)
Travel, Subsistence & Transport Costs	106	113	7	7%
Total Expenditure	128,772	145,478	16,706	11%
Indirect Contribution* (Capitalisation/ Internal recharges)	4,796	11,879	7,083	(60%)
Net Income / (Expenditure)	2,008	47	1,961	
Net Income / (Expenditure) as a % of Income	1.59%	0.04%		

- 2.14 The Combined Authority's capital programme at Quarter 2 shows expenditure of over 32% of the February 2023 forecast, with the majority concentrated across the City Region Sustainable Transport Settlement (CRSTS), the Transforming Cities Fund (TCF), the West Yorkshire plus Transport Fund and the Zero Emissions Regional Bus Areas (ZEBRA).

2023/2024 Quarter 2 Capital Summary

	Indicative Forecast Combined Authority February 2023	Revised In-Year Forecast as at Sept 2023	Expenditure upto Quarter 2 2023/24	% of in-year Forecast
Capital Programme Expenditure				
Transport Programmes				
City Region Sustainable Transport Settlement	£100,000,000	£103,031,181	£40,648,563	39.45%
Transforming Cities Fund (inc. Tranche 1) (non CRSTS)	£78,618,210	£71,510,444	£25,574,983	35.76%
West Yorkshire plus Transport Fund	£74,296,599	£81,107,518	£26,191,843	32.29%
Zero Emissions Bus Regional Areas	£15,364,384	£10,108,378	£3,249,643	32.15%
Leeds Public Transport Investment Programme	£0	£824,728	£38,516	4.67%
Integrated Transport Block (CA legacy projects)	£3,628,138	£3,671,223	£1,197,272	32.61%
Active Travel	£7,763,008	£9,113,471	£1,650,230	18.11%
New Station Fund	£7,000,000	£6,759,369	£0	0.00%
Levelling Up Fund		£1,545,684	£6,514	0.42%
Economic Development Programmes				
Getting Building Fund	£0	£0	£0	n/a
Brownfield Housing Fund	£29,579,359	£22,427,115	£0	0.00%
Social Housing Decarbonisation Fund	£0	£6,978,371	£1,654,455	23.71%
British Library North	£100,000	£302,000	£1,097	0.36%
Corporate Projects	£1,805,649	£1,553,409	£542,188	34.90%
Broadband	£77,425	£25,000	£0	0.00%
Growth Deal - Economic Development	£0	£55,000	£0	0.00%
Business Accelerator Fund	£3,070,000	£3,070,000	£2,603,602	84.81%
Total Capital Spend	£321,302,772	£322,082,891	£103,358,907	32.09%

2.15 Budgeting for 24/25 is underway with a draft budget reported to the Combined Authority in December 2023 and a final budget to be taken to the Combined Authority in February 2024.

3. Tackling the Climate Emergency Implications

3.1 There are no climate emergency implications directly arising from this report. All projects approved through the assurance process are required to consider climate impact.

4. Inclusive Growth Implications

4.1 There are no inclusive growth implications directly arising from this report. All projects approved through the assurance process are required to consider their impact on inclusive growth.

5. Equality and Diversity Implications

- 5.1 The Combined Authority workforce has both gender and ethnicity pay gaps, as well as a lower representation of black, Asian and minority staff than the West Yorkshire population. Copies of our latest gender and ethnicity pay gap reports will be considered by Finance and Resources Committee on 18th January and published shortly. <https://www.westyorks-ca.gov.uk/about-us/gender-pay-gap/> Previous reports can be found on the website .
- 5.2 With support from our staff network groups, we have developed a [vision and action plan](#) for equality, diversity and inclusion with stretching diversity targets to fulfil our ambition for our organisation to be reflective of the communities we serve, and that everyone recognises as having an exemplary approach. One of our Combined Authority Equality Objectives for 2022-2025 is to ensure our workforce reflect the diversity of West Yorkshire and we have set targets to ensure proportionate representation by 2030. We are proactive about supporting flexible working, and we calculate the pay of all employees using the industry-standard Hay job evaluation system to ensure that all staff are rewarded fairly and consistently, irrespective of gender, ethnicity or any other protected characteristic and we monitor management information on a quarterly basis.

6. Financial Implications

- 6.1 As set out in the 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 That the Committee considers the information contained in this report.

11. Background Documents

None

12. Appendices

APPENDIX 1 – Dashboard.

Complaints, Casework & Correspondence

Complaints, Correspondence & Casework	2023-24				
	October	Sept	August	Apr-Jul	
Total: Complaints, Correspondence & Casework	562 ↓	569 ↑	407	1975	
Mayoral Office (Casework)	121 ↑	119 ↓	84	635	
Combined Authority (Casework)	28 ↑	10 ↓	21	93	
Combined Authority (Correspondence)	219 ↑	195 ↑	123	527	
Operators	195 ↓	243 ↓	180	751	
Total Number at Stage 1	219 ↑	195 ↑	123	496	
Number Resolved at Stage 1	217 ↑	189 ↑	119	483	
Number at Stage 2	0 ↑	1 ↑	0	1	
Number Overturned at Stage 2	0 ↔	0 ↔	0	0	
Number at LGO	0 ↔	0 ↔	0	0	
Number Upheld by LGO	0 ↔	0 ↔	0	0	

Responded to within 15 working days KPI: 85%

Combined Authority (Casework)	93%	90%	71%
Combined Authority (Correspondence)	85%	86%	91%

Top 5 Complaints, Casework & Correspondence 2023-24

Feedback	73	7.05%
Bus Stop / Shelter	62	5.99%
Condition of Stop / Shelter	57	5.51%
Bus Station	56	5.41%
Passenger Information	56	5.41%

Definitions

Casework: Predominately made up from member or MP enquiries.

Correspondence (inc. Complaints, as an expression of dissatisfaction about the standard of service the Combined Authority provides)

Stage 1, Stage 2: Includes correspondence and complaints

Health & Safety

Health & Safety	2023-24	2022-23
	Total	Total
Number of RIDDOR's Q1	0	0 ↔
Number of RIDDOR's Q2	0	0 ↔
Number of RIDDOR's Q3	0	0 ↔
Number of RIDDOR's Q4		0 ↔
Number of Incidents Q1	48	38 ↑
Number of Incidents Q2	50	39 ↑
Number of Incidents Q3	38	56 ↓
Number of Incidents Q4		59
Number of Near Misses Q1	128	97 ↑
Number of Near Misses Q2	99	179 ↓
Number of Near Misses Q3	121	242 ↓
Number of Near Misses Q4		248

Internal Audit

Internal Audit	2023-24	2022-23
Total Number of Whistleblowing Cases	2	3 ↓
Total Number of Fraud Referrals	6	4 ↑
Number of Upheld Fraud Investigations	3	1 ↑
%age of Audit Recommendations Implemented	49%	48% ↑
Number of Audit Recommendations Overdue	1	0 ↑
Number of Limited\ Minimal Assurances	2	7 ↓
%age of Audits Completed to Plan	19%	77%

Legal, Governance & Compliance (inc. Information Governance)

Legal, Governance & Compliance Information Governance	2023-24 Total YTD	KPI*	2022-23 Total	Change
Percentage of Quorate Committees	84.8%		88.9%	↓ -4.1%
Percentage of Committees Cancelled	3.0%		10.0%	↓ -7.0%
Number of Committee Self-Reviews Undertaken	0		0	↔ 0
%age of Member Returns (Declarations of Interest) within 28-day deadline	96.6%	100%	96.6%	↔ 0.0%
Compliance with Committee Agenda Publication Deadline	100.0%	100%	100.0%	↔ 0.0%
Compliance with Statutory Key Decision Publication Deadlines	100.0%	100%	98.0%	↑ 2.0%
Number of Complaints Against Members Upheld	0		0	↔ 0
Number of Complaints Against Members Not Upheld	1		0	↑ 1
Insurance Claims	37			
Uninsured Claims	1			
Number of Freedom of Information Requests Closed (inc. EIRs)	117		177	
Number of Freedom of Information Requests Responded on Time	114	100%	176	
Number of Data Subject Access Requests Closed	16		18	
Number of Data Subject Access Requests Responded on Time	13	100%	18	
Number of Data Security Incidents	38		74	
Number of Data Security Incidents reported to ICO	0		0	

*Whilst the CA KPI on FOI's is 100%, the ICO's compliance target is 85%

Human Resources

Human Resources	2023-24 As at: 30/6/23	2022-23	West Yorks
Training Completion of Key Courses (GDPR, Cyber Security, H&S, EDI)	86.00%		
Gender Mean Pay Gap	TBC	3.63%	
Ethnicity Mean Pay Gap	TBC	11.80%	
BME Employees	113 13%	TBC	↗ 23%
White Employees	703 82%	TBC	↗ 77%
Unknown (includes prefer not to say)	46 5%	TBC	

Finance & Commercial

Finance & Commercial	2023-24	2022-23
Number of Procurement Challenges	0	0 ↔
Number of Retrospective Waivers	4	3 ↔
Number of Waivers Linked to Contract Standing Orders Cats	37	35 ↑
Category A Waivers <=£10,000	5	4 ↑
Category B Waivers >£10,000 <£60,000	23	26 ↓
Category C Waivers >£60,000 <£200,000	5	7 ↓
Category D Waivers >£200,000 <£2,000,000	3	2 ↑
Category E Waivers >£2,000,000	1	0 ↑

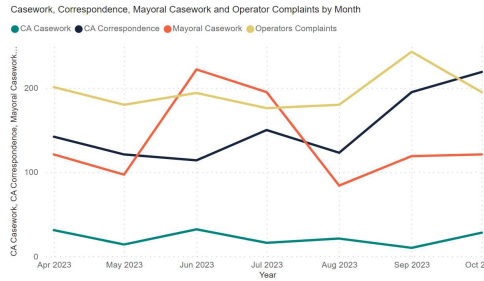
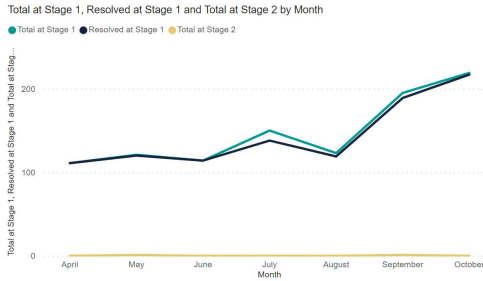
For the purpose of determining the requisite tendering procedure under the Contracts Standing Orders, financial categories apply to all contracts for the execution of works, the supply of goods or the supply of services, unless a Procurement Framework or Central Purchasing Body is being utilised. Approval must be sought before Contracts Standing Orders can be waived

Information & Communications Technology

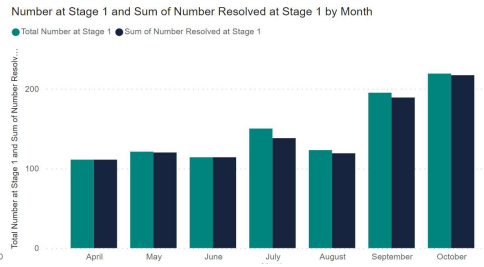
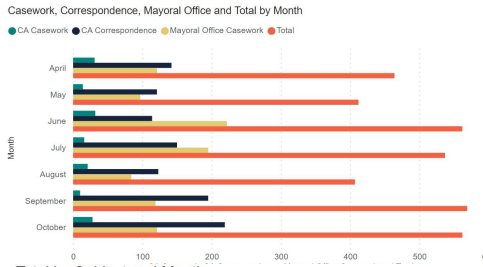
ICT	2023-24 Total	2022-23 Total
Number of Attempted Malware Attacks	86	114
Number of Successful Malware Attacks	0	0 ↔
Number of Attempted Distributed Denial-of-Service (DDoS) Attacks*	3	N/A
Number of Successful Distributed Denial-of-Service (DDoS) Attacks*	2	N/A

*Monitoring Data collected from August 2023

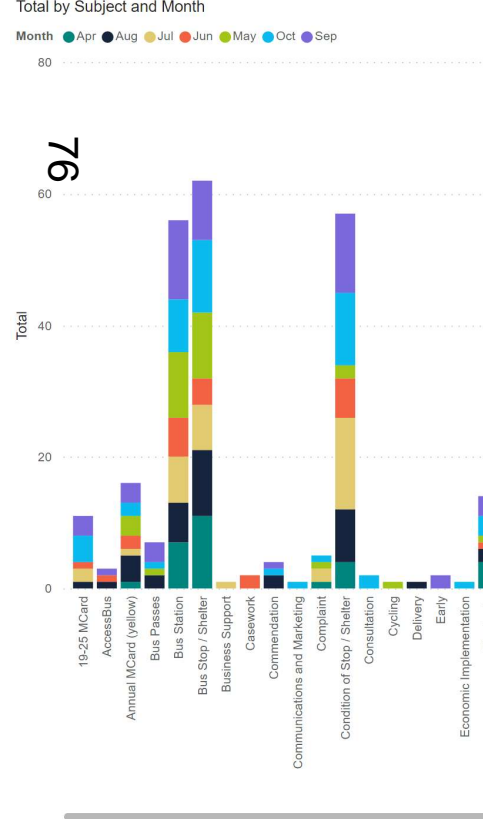
West Yorkshire Combined Authority Governance & Audit Compliance Dashboard - Summary of Casework, Complaints & Correspondence



At 219, October had the highest Total at Stage 1 and was 97.30% higher than April, which had the lowest Total at Stage 1 at 111. Total at Stage 1 and total Resolved at Stage 1 are positively correlated with each other. October accounted for 21.20% of Total at Stage 1. Across all 7 Month, Total at Stage 1 ranged from 111 to 219, Resolved at Stage 1 ranged from 111 to 217, and Total at Stage 2 ranged from 0 to 1. Between April 2023 and October 2023, CA Correspondence had the largest increase (54.23%) while Operators Complaints had the largest decrease (2.99%). CA Correspondence started trending up on August 2023, rising by 78.05% (96) in 2 months. CA Correspondence jumped from 123 to 219 during its steepest incline between August 2023 and October 2023. Total Number at Stage 1 and Number Resolved at Stage 1 were 12 higher than Number Resolved at Stage 1.



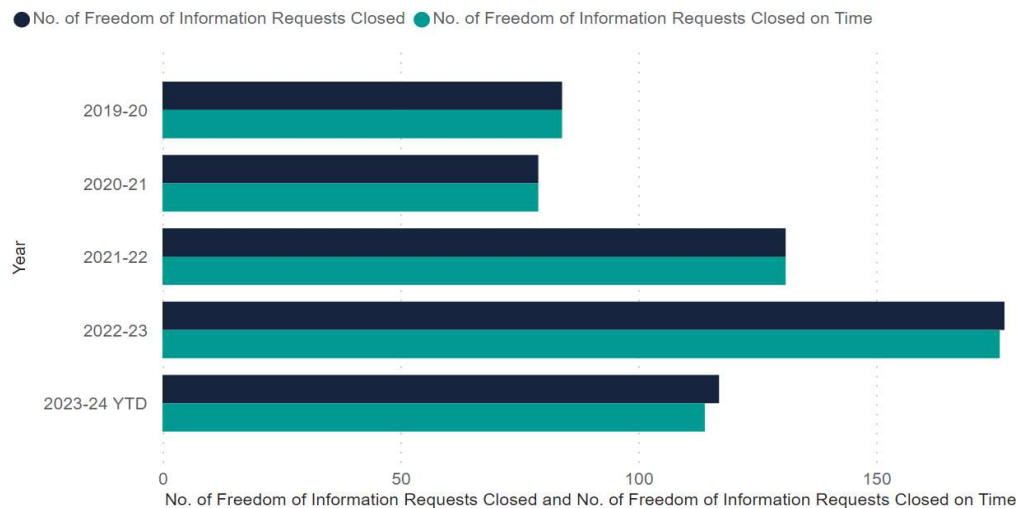
The CA has a two-stage process for dealing with complaints. Upon receipt of a complaint, the CA will look at whether this could be resolved quickly, known as "informal resolution". If not: Stage 1: Acknowledgement of complaint within 3 working days and a full response within 15 working days. Stage 2: If an individual is dissatisfied after receiving the response, a complaint can be escalated to Stage 2, where it will be reviewed by a more senior officer within 28 days from the date the CA responded to the initial complaint.



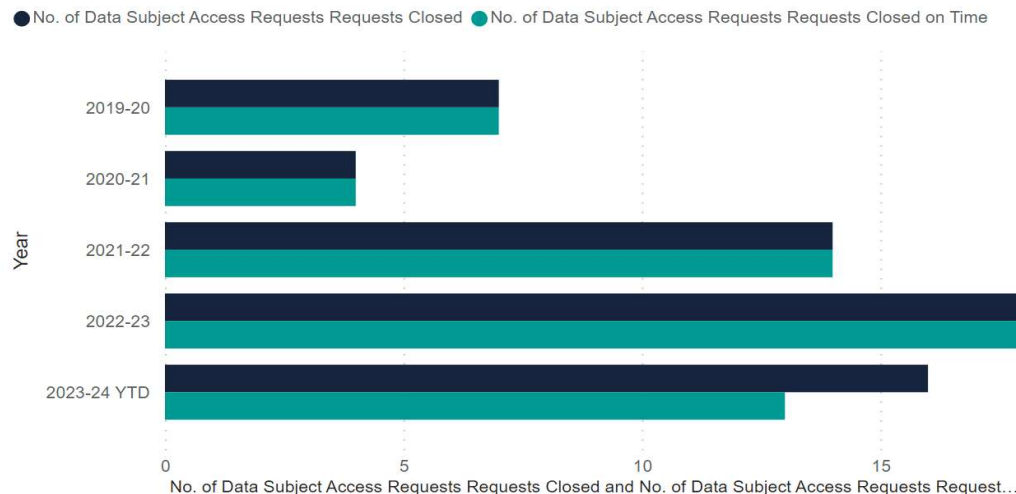
West Yorkshire Combined Authority

Governance & Audit Compliance Dashboard - Summary of Legal & Governance | Information Governance

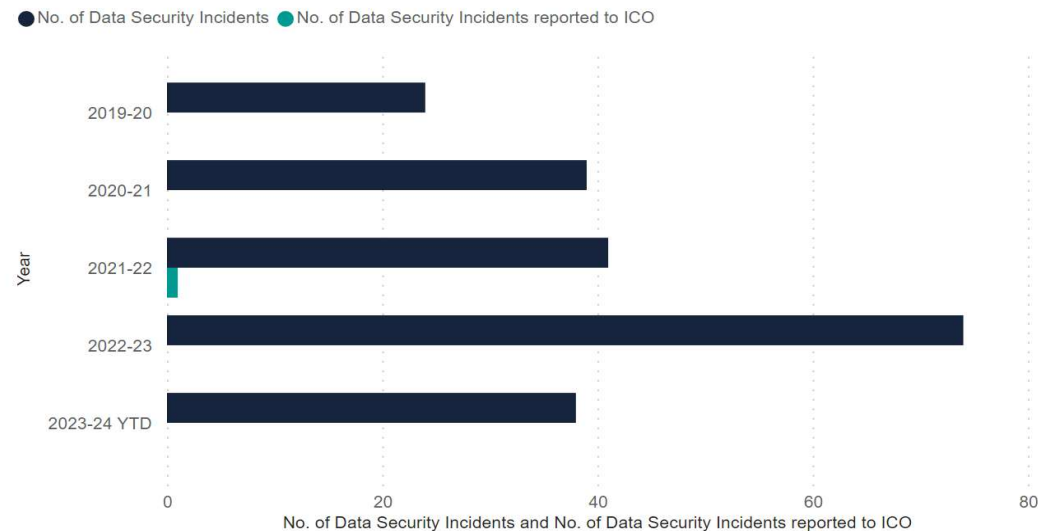
No. of Freedom of Information Requests Closed and No. of Freedom of Information Requests Closed on Time by Year



No. of Data Subject Access Requests Requests Closed and No. of Data Subject Access Requests Requests Closed on Time by Year



No. of Data Security Incidents and No. of Data Security Incidents reported to ICO by Year



At 177, 2022-23 had the highest No. of Freedom of Information Requests Closed and was 124.05% higher than 2020-21, which had the lowest No. of Freedom of Information Requests Closed at 79. Predictions show at current rates 2023-24 is set to see 200 Freedom of Information Requests.

No. of Freedom of Information Requests Closed and total Sum of Number of Freedom of Information Requests Closed on Time are positively correlated with each other. 2022-23 accounted for 30.10% of No. of Freedom of Information Requests Closed.

No. of Freedom of Information Requests Closed and Sum of Number of Freedom of Information Requests Closed on Time diverged the most when the Year was 2023-24 YTD, when No. of Freedom of Information Requests Closed were 3 higher than Sum of Number of Freedom of Information Requests Closed on Time. Across all 5 Year, No. of Data Security Incidents ranged from 24 to 74 and Sum of Number of Data Security Incidents reported to ICO ranged from 0 to 1.

This page is intentionally left blank

Report to:	Governance and Audit Committee
Date:	11 January 2024
Subject:	Risk Management
Director:	Alan Reiss, Chief Operating Officer
Author:	Caroline Allen Deputy Director, Legal, Governance & Compliance

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1: paragraph 3	3
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this report

- 1.1 To provide the Committee with an update on work to embed risk management through all layers of officer governance.
- 1.2 To advise the Committee on the current status of the corporate risk register.

2. Information

Risk Management Strategy and Implementation

- 2.1 As highlighted in the report to this Committee at its meeting on 16 October, the initial priority for this work area is on ensuring that risk management is embedded within the new operating model and that the current Risk Management Strategy (with some slight updates) remains appropriate. Work is underway on a revised draft of the Risk Management Strategy and this will be brought forward to a future meeting.
- 2.2 Since October work has progressed to develop and strengthen internal escalation mechanisms below the Corporate Risk Register. This work still has some way to go,

partly due to the need to align with internal accountability frameworks which are not yet fully established, and also due to the need for dedicated resource to support this which is anticipated but not yet in place. That said, work is continuing but at a pace that is reflective of these constraints. In particular, the Chief Operating Officer has put in place monitoring mechanisms in respect of corporate centre risks with a composite risk register which is reviewed on a monthly basis and it is intended that this is rolled out across the wider organisation.

Corporate Risk Register

Live Risks and Issues

2.3 Risk Owners have reviewed the corporate risk register and evaluated those risks and issues recorded to ensure that these are timely, accurate and appropriate. Internal Leadership Board have endorsed the risk register content, and a copy is attached at **Appendix 1 and exempt Appendix 2**.

2.4 Since the Committee last saw the register this has further been developed to include an anticipated date for closure and an assessment of the risk rating for the next review period following mitigation.

2.5 Further, an action plan to track progress on implementing further mitigations has been developed, initially in respect of a single very high risk:

- Due to a malicious external incident, there is a risk that the Combined Authority falls victim to a cyber security attack. There is a risk that this may result in: human harm; damage to assets; financial penalties and enforcement action from the Information Commissioner's office; a loss of personal or sensitive data; disruption to affected services; reputational damage.

2.6 Commentary on recent cyber attacks, their impact on website availability, and action taken in response, is also provided in the Regulatory and Compliance paper at item 9. The cyber security mitigations are contained in **exempt Appendix 2** alongside further mitigations by way of an action plan.

Fluctuations in ongoing risk

2.7 Since the last review in September, the risks relating to the transport network, bus patronage and tendered services budgets have decreased. A strategic review of the network is being conducted to ensure best value is acquired from a co-ordinated rollout of the Bus Service Improvement Plan funding which is helping to stabilise, restore and enhance services. This has been assisted by close partnership working with bus operators and a steady increase in patronage (now at 91% of the March 2020 pre-

pandemic baseline). Consequently, there have been fewer service reductions in the past few months as operators see some level of stability returning to parts of their commercial operations. The Combined Authority continues to work very closely with partners to ensure stability is maximised in an operational environment that remains somewhat unpredictable.

2.8 Risk associated with development and delivery of the mass transit programme has increased over the period from September, due to the potential for reputational impact due to limited resources and competing pressures and resulting future financial packages from Government. It is anticipated that this can be managed down to medium level risk later in the year through collaborative engagement with key strategic partners and supply chain partners, development of appropriate gateway review and assurance processes and timescales, and planned engagement with Government Partners to discuss the emerging way forward.

3. Tackling the Climate Emergency Implications

3.1 As referenced in the corporate risk register at Appendix 1, an existing corporate risk is the failure to meet the objectives set out in the Climate and Environment Plan (CRR-011). The register sets out the current and proposed mitigations to address this risk.

4. Inclusive Growth Implications

4.1 There are no inclusive growth implications directly arising from this report, however a number of the risks identified in the corporate risk register could have indirect implications if they materialised such as the potential bus operator failure (CRR-006) and delays in the capital programme delivery (CRR-013). The risk management strategy and tools will support the Combined Authority to identify and mitigate risks associated with Inclusive Growth.

5. Equality and Diversity Implications

5.1 There are no equality and diversity implications directly arising from this report, although the risk relating to potential bus operator failure could have implications which would need to be considered should the risk materialise. The risk management strategy and risk management tools will support the Combined Authority to identify and mitigate risks associated with Equality and Diversity.

6. Financial Implications

6.1 The corporate risk register includes both a risk (CRR-004) and an issue (CRR-005) relating to external pressures and uncertainty relating to the funding landscape, together with identified mitigations.

7. Legal Implications

7.1 The information contained in Appendix 2 is exempt under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person including the Combined Authority. It is considered that the public interest in maintaining the content of Appendix 2 as exempt outweighs the public interest in disclosing the information, as publication could prejudice the financial or business affairs of the Authority.

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 That the Committee notes work ongoing to embed risk management through all layers of officer governance.

10.2 That the Committee notes and endorses the revised corporate risk register and action plan.

11. Background Documents

11.1 There are no background documents referenced in this report.

12. Appendices

Appendix 1 – Redacted Corporate Risk Register

Appendix 2 – (Exempt) Unredacted excerpts of Corporate Risk Register, including Action Plan

Ref	Type	Description	Corporate Objective / Organisational Risk	Risk Owner (Operational Level, Head of Service)	Risk Sponsor (Accountable Director)	Consequences	Existing Mitigations (What arrangements are in place now?)	Likelihood	Impact	Risk Rating at Previous Review	Current Risk Rating	Direction of Travel	Further Mitigations (What do we need to do? Include dates of actions)	Likelihood following mitigation	Impact following mitigation	Protection for Next Review Following Mitigation	Date Risk Opened	Weeks Risk has been open	Last Review Date	Review Overdue
CRR-001	Risk	Due to a malicious external incident, there is a risk that the Combined Authority falls victim to a cyber security attack. There is a risk that this may result in: human harm; damage to assets; financial penalties and enforcement action from the Information Commissioner's office; a loss of personal or sensitive data; disruption to affected services including loss of ability of people using West Yorkshire transport system to access information; reputational damage	Organisational risk	Head of ICT Services	Chief Operating Officer	Human harm; damage to assets; financial penalties and enforcement action from the Information Commissioner's office; a loss of personal or sensitive data; disruption to affected services including loss of ability of people using West Yorkshire transport system to access information; reputational damage	Redacted - exempt information pursuant to para 3 Part 1 Schedule 12A Local Government Act 1972	5 Very Likely	4 Serious	Very High	Very High	↔	Redacted - exempt information pursuant to para 3 Part 1 Schedule 12A Local Government Act 1972	5 Very Likely	4 Serious	Very High	12/09/2023	14	20/12/2023	No
CRR-002	Risk	Due to the high volume of people and inherent operational risks present in a bus station, transport interchange or Combined Authority facility, there is a risk that a major accident or injury occurs at a Combined Authority facility	Organisational risk	Director of Passenger Experience and Asset Management	Executive Director for Transport	Could result in death or injury, and leave the organisation open to significant potential civil and criminal liabilities Wider reputational issues	The organisation has in place a framework of policies, procedures and arrangements to ensure compliance with Health and Safety legislation. Training is provided to staff including front line staff eg. Bus station Manager vigilance New/enhanced Bus station design takes on board current best practice and allows for continued improvement	3 Possible	4 Serious	High	High	↔	A review of implementation of policies and processes at an operational level Identify and fill gaps in training provision at an operational level Capacity review through the business planning process	3 Possible	4 Serious	High	12/09/2023	14	18/12/2023	No
CRR-004	Risk	Due to external pressures there is a risk that fixed budgets are affected by cost increases which will impact on the ability of the organisation to deliver objectives and outcomes for the region. The same pressures may result in partner authorities being unable to deliver services or co-fund activities with the Combined Authority.	Empowering our communities, towns and cities to thrive	Director of Finance and Commercial Services	Chief Operating Officer	Failure to deliver priorities for the region. Failure to achieve corporate plan objectives	Robust budget setting and monitoring processes enabling Members to prioritise where funding goes Engagement with Government on future funding models Horizon scanning for new opportunities to generate income and/or lever in private sector funding. Completion of inflation review.	3 Possible	4 Serious	High	High	↔	Consider further actions as part of business planning and budgeting for 24/25, including exploring other sources of funding. Close working with partner authorities to understand their financial and funding positions and how that could impact on achieving the Combined Authority's priorities.	3 Possible	3 Moderate	Medium	12/09/2023	14	08/12/2023	No
CRR-005	Issue	Due to uncertainty in the funding landscape and the variable political climate, there is a risk that strategic objectives are not met or that key areas of expertise are lost.	Organisational risk	Director of Finance and Commercial Services	Chief Operating Officer	Due to stop/start funding, short term funding, reduction in some funding and/or lack of sufficient funding the following are at risk: - Violence reduction where we only have 18 months left of a funding agreement with the Home Office - WY Police funding with real term cuts - Realising the Climate Emergency with stop/start funding from Government and a limited long term plan for decarbonisation - Affordable and sustainable homes – with funding pots such as SFH being constrained by Government criteria and timeframes. - Wider economic services and infrastructure are also constrained by this risk.	Making representations to Government about current and future funding requirements Utilising flexible funding to fill gaps and underwrite where future funding is expected but not confirmed Regular advice to Members about choices and trade offs in budgeting and business planning.	3 Possible	4 Serious	High	High	↔	Consider further actions as part of business planning and budgeting for 24/25, to include exploring other sources of funding and developing the strategic finance function and a sustainable funding model.	3 Possible	3 Moderate	Medium	12/09/2023	14	08/12/2023	No
CRR-006	Risk	Due to operator business failure, there is a risk of significant change to bus services.	Creating an accessible, clean and customer focused transport system	Director of Transport Operations and Service Transformation	Executive Director for Transport	Communities left without bus services at short notice. Reputational risk to Combined Authority. Expectation that Combined Authority will resolve the issue and reinstate services	Combined Authority has a plan which involves liaison with other bus operators to seek to step in to plug the gaps. Relationship with operators is a critical part of this. Through the WY Bus Alliance, communication with all operators remains strong and there is no information to suggest that this risk will materialise at scale at the current time. There is a responsive procurement mechanism in place that will allow for speedy resolution for impacted TS and direct links between the Combined Authority's Network Planning Team and operators to ensure service risks are mitigated quickly. Regular communications with the Chair and Deputy Chair of the Transport Committee is mitigating associated political risks.	3 Possible	3 Moderate	Medium	Medium	↔	Early market engagement in all procurement activity. The integration of SME operators into strategic transport plans. Close collaboration with all operators, including SME's through bus reform period, to ensure a smooth passage into the new decided delivery model.	3 Possible	3 Moderate	Medium	12/09/2023	15	19/12/2023	No
CRR-007	Issue	Due to a highly volatile market, where operating costs continue to increase, contracts come to an end and where post pandemic patronage remains low, combined with a static tendered services budget there is a risk that there could be fewer bus services in West Yorkshire.	Creating an accessible, clean and customer focused transport system	Director of Transport Operations and Service Transformation	Executive Director for Transport	May result in a decrease in customer confidence and reduced patronage resulting in a risk to the broader strategic outcomes around integrated transport in bus reform and the mass transit roll out.	Work closely with bus operators to understand future service changes/cuts proposed. Process exists to negotiate with bus operators on potential cuts - BSIP+ currently used to support the network and other BSIP funding being rolled out to enhance services. Work planned on looking at the operational bus network more strategically and to ensure that the criteria for network plans are aligned to business plans and the corporate priorities. Patronage continues to steadily rise though is not yet back to pre-COVID levels.	3 Possible	4 Serious	Very High	High	↓	As per previous mitigation, and ongoing strategic roll out of all BSIP network enhancements, continued market engagements to assist in giving forward look to potential pressures and issues. New and emerging issues around school transport income resulting in very high likelihood of reduced school services. Full service review is being undertaken, to develop a working list of mitigations, however it is highly unlikely this will be sufficient to prevent some service loss.	5 Very Likely	3 Moderate	High	12/09/2023	15	19/12/2023	No
CRR-008	Risk	Due to the scale and pace of change in the organisation there is a risk that the organisation's processes, systems and structures are inadequate to support the organisation in achieving its objectives.	Organisational risk	Chief Operating Officer	Chief Operating Officer	Failure to achieve key objectives, resulting in reputational damage and sub-optimal real world outcomes	Internal Governance Review underway Implementation of CI Anywhere ongoing, with launch to organisation in November 2023. Organisational structure changed to focus on outcomes supported by corporate centre with responsibility for leading, enabling and protecting.	3 Possible	3 Moderate	Medium	Medium	↔	Implementation of governance review including delegations. Successful implementation of CI Anywhere. Development of internal transformation resource. Corporate Centre development of business partnering model and growth in resources to enable delivery of major programmes.	3 Possible	3 Moderate	Medium	12/09/2023	14	08/12/2023	No
CRR-010	Risk	Due to wide variety of external and internal competing pressures there is a risk that the delivery milestones for the mass transit programme are not met which could result in delay or non delivery of the programme, reputational damage and limitations placed upon the availability of funding for future programmes	Creating an accessible, clean and customer focused transport system	Director of Mass Transit	Executive Director for Transport	Failure to achieve organisational objectives and Mayor's commitment on delivering Mass Transit for West Yorkshire, resulting in reputational damage and loss of confidence with key stakeholders and Government, potentially impacting availability of funding for future programmes and success of fully integrated public transport system across the region.	Development and baselining of resilient Integrated Master Schedule and risk profile ongoing, alongside review of governance and assurance processes supported by operating model and organisational development, to manage development and delivery of the Mass Transit Programme.	3 Possible	4 Serious	Medium	High	↑	Collaborative engagement with key strategic partners and supply chain partners to optimise delivery and manage/mitigate risks and issues. Development of appropriate gateway review and assurance processes to provide positive challenge and resilience to delivery processes and timescales. Corporate teams resourcing proposals to come forward. Planned engagement with Government Partners to discuss Emerging Way Forward.	3 Possible	3 Moderate	Medium	12/09/2023	14	13/12/2023	No
CRR-011	Risk	Due to lack of capacity, expertise and funding, there is a risk that there is an inability to make the case for, and implement, bus reform	Creating an accessible, clean and customer focused transport system	Director of Transport Policy and Delivery	Executive Director for Transport	We may not have all implications of bus reform clearly set out to enable the Mayor to take an informed decision	We have appointed external experts to work alongside the team providing legal, economic, financial and commercial support in relation to Bus Reform and the statutory process. We have approved additional resource to move the assessment forward and we are recruiting to those roles. We have outlined a transition plan to take us to the operation of either an Enhanced Partnership Plus, or a fully franchised bus network.	3 Possible	4 Serious	High	High	↔	Complete the consultation process and prepare and publish a report setting out the Combined Authority's response to the consultation in line with legislation. Utilise external experts to process and support the review consultation responses.	3 Possible	4 Serious	High	12/09/2023	14	13/12/2023	No
CRR-012	Risk	Due to a variety of challenges including level of funding available, changes in Government policy, and the scale of government investment and legislation, there is a risk that the Combined Authority fails to meet its objectives as set out in its Climate and Environment Plan.	Building a sustainable, nature rich and carbon neutral region	Director Policing, Environment and Place	Chief Executive	Which may mean that the Authority doesn't fully achieve its wider goals in supporting the regional commitment to becoming net zero by 2038 with significant progress by 2030.	The Combined Authority has a Climate and Environment plan it is currently delivering against. In partnership with others, including Districts, the private sector, housing providers and others, schemes are being developed and delivered across transport (both decarbonisation through EV charging and solar panels on bus stations and through greater use of public transport and walking and cycling), homes (through the better homes hub), energy decarbonisation, skills (including recommendations from a green jobs taskforce and a £6m package of interventions on green and digital), business support (including £10m for business sustainability grants) and to support the community (through a £2m better neighbourhood programme). The Combined Authority is also making representations to Government about national change required, and working on adaptation and resilience measures such as improvements to our flood defences.	5 Very Likely	3 Moderate	High	High	↔	Next three year climate and environment plan to be written next year with updated interventions and actions, work to update our carbon pathway and a new local nature recovery strategy. Continued development and delivery of programmes to decarbonise the region and encourage behaviour change. Further work on adaptation and resilience.	4 Likely	3 Moderate	High	12/09/2023	14	10/11/2023	No
CRR-013	Risk	Due to capacity within partner councils and availability of supply chain, there is a risk that capital programme delivery will be delayed, particularly in light of further funding coming through Network North	Creating an accessible, clean and customer focused transport system	Director of Transport Policy and Delivery	Executive Director for Transport	We may not deliver improved transport infrastructure, safe reliable and well maintained assets, and potentially impact reputation and availability of future funding.	Continue to work closely with Chief Highway Officers to understand current delivery performance and resource pressures.	3 Possible	4 Serious	High	High	↔	Collaborate with partner councils and develop a forward look of programmes/projects, identifying current and future resource pressures and anticipated routes to development and delivery.	3 Possible	3 Moderate	Medium	21/11/2023	4		No

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank