

## **GOVERNANCE AND AUDIT COMMITTEE**

**MEETING TO BE HELD AT 11.00 AM ON THURSDAY, 25 JANUARY 2018  
IN COMMITTEE ROOM A, WELLINGTON HOUSE, 40-50 WELLINGTON STREET,  
LEEDS**

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

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
- 3. EXCLUSION OF THE PRESS AND PUBLIC**  
To identify items where resolutions may be moved to exclude the press and public.
- 4. MINUTES OF THE MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE HELD ON 28 NOVEMBER 2017**  
Copy attached.  
(Pages 1 - 6)
- 5. INTERNAL AUDIT STRATEGY/EMERGING INTERNAL AUDIT PLAN**  
(Pages 7 - 20)
- 6. REVISED INTERNAL AUDIT PLAN 2017/18**  
(Pages 21 - 40)
- 7. INTERNAL AUDIT PROGRESS REPORT**  
(Pages 41 - 54)
- 8. EXTERNAL AUDIT REPORT**  
(Pages 55 - 64)
- 9. INTERNAL CONTROLS & FINANCIAL MONITORING**  
(Pages 65 - 68)
- 10. BUSINESS PLANNING & BUDGET 2018/19**  
(Pages 69 - 80)

**11. ASSURANCE FRAMEWORK - ANNUAL REVIEW**

(Pages 81 - 146)

**12. RISK REGISTER**

(Pages 147 - 150)

**13. GENERAL DATA PROTECTION REGULATIONS - UPDATE**

(Pages 151 - 160)

**14. FORWARD PROGRAMME OF WORK**

(Pages 161 - 164)

Signed:

A handwritten signature in black ink, consisting of the letters 'BSM' in a stylized, cursive font. A horizontal line is drawn underneath the signature, extending to the right.

**WYCA Managing Director**



**MINUTES OF THE MEETING OF THE  
GOVERNANCE AND AUDIT COMMITTEE  
HELD ON TUESDAY, 28 NOVEMBER 2017 AT COMMITTEE ROOM B,  
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

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**Present:**

Roger Marsh OBE (Chair)	Leeds City Region Enterprise Partnership
Councillor Andrew Carter CBE	Leeds City Council
Andy Clayton	Department for Work and Pensions
Councillor Tim Swift	Calderdale Council
Councillor Shabir Pandor	Kirklees Council

**In attendance:**

Ben Still	WYCA
Angela Taylor	WYCA
Russell Gott	WYCA
Jonathan Sheard	WYCA
Ruth Chaplin	WYCA

**14. Apologies for Absence**

Apologies for absence were received from Councillor David Sheard and Mark Kirkham, Mazars.

**15. Declarations of Disclosable Pecuniary Interests**

There were no pecuniary interests declared by members at the meeting.

**16. Exclusion of the Press and Public**

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

**17. Minutes of the Meeting of the Governance and Audit Committee held on 6 April 2017 and 3 August 2017**

**Resolved:** That the minutes of the meetings held on 6 April 2017 and 3 August 2017 be approved.

## **18. Appointment of Deputy Chair**

The Committee considered a report on the appointment of a Deputy Chair to the Governance & Audit Committee.

**Resolved:** That Andy Clayton be appointed as Deputy Chair of the Governance & Audit Committee for the municipal year 2017/18.

## **19. Terms of Reference and Forward Plan of Work**

The Committee considered a report which set out the terms of reference for the Governance & Audit Committee and the programme of work for 2017/18.

It was agreed that the Committee would meet quarterly and Mazars, the external auditors for the Authority would be invited to attend. Members discussed the proposed forward plan of work for the coming year and requested the following items be added:

- Treasury Management to be a standing item on the agenda and invite Leeds City Council officers to the next meeting.
- Risk Register to be a standing item on the agenda.
- Oxford GB2 Loan
- Written Off Debt
- General Data Protection Regulations (GDPR) Update
- Assurance Framework Update

An updated Forward Plan would be brought to the next meeting. Other items will be brought as and when they occur and also any issues arising in connection with the Members' Code of Conduct would also be referred to the Committee.

**Resolved:** That the work programme for 2017/18 be noted.

## **20. Internal Audit Progress Report**

The Committee considered a report on the work undertaken by the Internal Audit Section.

Members discussed the dashboard table attached at Appendix 1 to the submitted report which provided details of activities undertaken by the Internal Audit Section in the period 1 July 2017 to 1 September 2017 and the overview of internal audits performed in the period 1 April 2017 to 30 June 2017 which was attached at Appendix 2. These provided information on the delivery of the 2017/18 Audit Plan, audit opinions on completed reviews, summaries of any significant issues identified and the status of high priority recommendations which have not been implemented. It was proposed that a schedule confirming Internal Audit's satisfaction with follow up reviews would be prepared for future meetings.

It was reported that the review of HR Data Protection compliance had been conducted in response to a management request and resourced through the audit plan contingency allowance. The overall conclusion was that it was poorly controlled and details of the primary recommendations were outlined in the submitted report. A formal follow up review would be undertaken and an update provided at the next meeting. It was agreed that the Chair would be notified in the interim should any issues be identified.

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

## **21. Internal Audit Mid-Year Review**

The Committee considered a report on the outcome of a mid-year review of the Internal Audit Plan 2017/18 and progress made by WYCA in addressing key control weaknesses identified as a result of audit work undertaken.

Members discussed the progress made in completing reviews within the Plan, the current Internal Audit resourcing issues and the forecast of the level of the assurance which can be provided to WYCA in 2017/18. It was noted that a number of audit assignments in 2016/17 had resulted in an audit opinion of “requires improvement” and the Committee discussed the progress made in implementing measures to mitigate the matters.

**Resolved:**

- (i) That the level of resource required to complete the Audit Plan in 2017/18 be noted.
- (ii) That the risks associated with weaknesses identified in section 2.12 of the submitted report be noted and that WYCA’s management be required to complete measures to mitigate these matters.

## **22. External Audit Report**

The Committee considered a report which set out information on external audit matters.

It was reported that the Public Sector Audit Appointments Ltd (PSSA) had completed the major procurement process to identify the firms which will carry out audits under contract to PSAA and Mazars have been reappointed for the five year period starting 2018/19.

Members were advised that the PSAA were to undertake a consultation process in the near future which would lead to the approval of fee scales for audits of the 2018/19 accounts. Following the procurement process to identify the firms to carry out audits under contract, PSAA estimate that a fee reduction in the order of 18% could be achieved. An update would be provided to a future meeting.

**Resolved:** That the reappointment of Mazars for the five year period starting 2018/19 be noted.

### **23. Internal Controls & Financial Monitoring**

The Committee considered a report which provided information on the operation of, and changes to, internal controls since the last meeting and also on the current financial position.

#### Internal Control Environment

It was reported that key controls within the Finance, Concessions and Integrated Ticketing teams were operating correctly and monthly reconciliations were up to date. Regular governance meetings continued to be held with Leeds City Council (LCC) who carry out many of the day to day operations under a Service Level Agreement. Members were advised that the indicator relating to proportion of fixed term debt remained out of tolerance due to high cash balances and low short term borrowing. However the reasons for this were understood and no corrective action was required.

#### Financial Monitoring

Members noted that the closing position for the annual accounts for 2016/17 was a lower than forecast use of reserves and work had now commenced on business and budget planning for 2018/19. It was reported that there are significant challenges in closing the funding gap in 2018/19 and work would continue over the autumn to enable a balanced budget to be set at the WYCA meeting on 1 February 2018. A copy of the WYCA report would be provided at the next meeting.

In respect of capital budgets, it was noted that progress was monitored through the Investment Committee and recent reports show expenditure to be on course to achieve targets.

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

### **24. Draft Risk Management Strategy**

The Committee considered a report which provided an update on the work that is underway to review and enhance existing management arrangements for WYCA, in order that members of the Governance & Audit Committee can provide input to this.

Members discussed the work being undertaken to review and update WYCA's existing risk management arrangements and the draft Risk Management Strategy which was attached at Appendix 1. The levels of risk appetite set out in section 5 of the strategy were considered. The following suggestions were made:

- Risk arrangements should be updated to include programme/project management, in particular with regard to contractual responsibilities and how

this operates within WYCA and at Districts for projects funded by WYCA.

- The corporate risk register should provide information/links to risk appetite.
- There should be a clearer link through from internal audit reports planned for 2018/19 to the corporate objectives and areas of risk in the corporate risk register.
- WYCA and LEP Board members should be briefed on risk management.
- GDPR should appear in the risk register as a separate item.

It was reported that detailed discussions had been held with each Directorate to determine their business objectives and business requirements for 2018/19. Consideration had also been given to key and emerging risks raised through this process which have a corporate implication and are included in the Corporate Risk Register which was attached at Appendix 2.

Members noted the progress and actions to date in preparing for the forthcoming introduction of the General Data Protection Regulations (GDPR) in May 2018. It was noted that an Information Governance (IG) Officer had been appointed to ensure the organisation was compliant with current and future regulations and a new and revised suite of IG policies had been published. It was agreed that an update would be provided at the next meeting.

It was agreed that a report would be prepared for the WYCA meeting to be held in April 2018 on behalf of the Committee to share information around risk.

**Resolved:**

- (i) That the draft Risk Management Strategy be noted.
- (ii) That the summary of corporate risks outlined in Appendix 2 of the submitted report be noted.

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**Director:** Angela Taylor, Director of Resources  
**Author:** Russell Gott



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**Report to:** Governance and Audit Committee  
**Date:** 25 January 2018  
**Subject:** Emergent Strategic Internal Audit Plan

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## 1 Purpose

1.1 To provide an update on the development of the Strategic Internal Audit Plan.

## 2 Information

2.1 UK Public Sector Internal Audit Standards (PSIAS) require the Chief Audit Executive to deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Work undertaken within the Annual Audit Plan is the principal body of evidence required to substantiate the opinion provided by Internal Audit.

2.2. In addition, PSIAS (section 2000) state that the Chief Audit Executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.

2.3 In developing the Internal Audit Plan the following elements have been considered:

- The core activities of WYCA and risks associated with the attainment of corporate objectives.
- Regulatory requirements for internal audit coverage.
- Significant recent changes within procedures and operations.
- Consideration of areas of concern or requests for coverage from WYCA's leadership team and Directorates.
- The content of WYCA's strategic risk register and the controls that the organisation places reliance on to manage those risks.
- Reference to cumulative internal audit knowledge and experience.

2.4 This approach has led to the production of a strategic plan, phased over a rolling three year period, which provides greater flexibility in terms of the frequency and depth of audit assignments compared with the previous approach of producing an annual audit plan. However, it will be necessary to review the strategic audit plan on an annual basis, to consider changes in organisational risk and assurance requirements.

- 2.5 The plan is presented under corporate risk categories with clear links to Directorate objectives which underpin the attainment of corporate priorities. The plan also incorporates regulatory and compliance requirements along with allowances for value for money, counter-fraud, audit follow up and consultancy activities. This will seek to provide assurance that the governance and control arrangements continue to operate effectively, minimising the risk of misappropriation, loss and error and that key systems and processes are operating as intended.
- 2.6 Resource allocations for each audit entity are based on previous audit performance in conjunction with an initial assessment of the scope of each review. The depth of audit testing is established through the evaluation of risk and considers the existence and operation of key controls. Where new areas of assurance have been identified the number of days required to perform this work is determined from an initial overview of these areas and from discussions with senior officers from within the relevant directorates.
- 2.7 Whilst Internal Audit's plan provides essential independent assurance over governance, risk management and internal control arrangements it is recognised that WYCA will continue to develop management assurance, (second line of defence) such as for the delivery of projects through the operation of the portfolio management office.

### **3 Financial Implications**

- 3.1 A requirement to buy-in ICT audit specialism for the review of data security and third party data hosting controls including systems penetration testing has been identified. These services will be secured in accordance with WYCA's procurement regulations.

### **4 Legal Implications**

- 4.1 The Accounts and Audit Regulations 2015, Regulation 5, requires a relevant Authority to undertake an effective internal audit to evaluate the effectiveness of its risk, control and governance processes, taking into account public sector internal auditing standards or guidance.

### **5 Staffing Implications**

- 5.1 Resourcing requirements will be finalised once the strategic internal audit plan has been fully determined.

### **6 External Consultees**

- 6.1 None.

## **7 Recommendations**

- 7.1 That the Governance & Audit Committee note the change in approach to the development of a strategic audit plan.
- 7.2 That consideration be given to the content of the emerging internal audit plan, attached as **Appendix 1** to this report, and the potential level of assurance this could deliver.

## **8 Background Documents**

- 8.1 None.

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## Internal Audit Strategic Plan 2018-2021

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Risk Category	Corporate Objective	Assurance Area	2018/19 Days	2019/2020 Days	2020/21 Days
Financial Risk <i>Risk of failing to manage finances in accordance with public sector accounting requirements and funding constraints.</i>			90	63	80
	Robust Financial Management	Creditors Payments	10	5	10
	Robust Financial Management	Main Accounting – General Ledger	10	10	10
	Robust Financial Management	Debtors, Debt Management	8	4	8

	Robust Financial Management	Treasury Management	12	12	12
	Attainment of Value for Money. Statutory Compliance	Procurement including Tendered Subsidised Bus Service Contracts.	20	10	10
	Robust Financial Management	Payroll	12	6	12
	Robust Financial Management	VAT		6	
	Robust Financial Management	Expenses & Allowances	8		8
	Robust Financial Management Improved Transparency	Expenditure, Transparency & Governance	10	10	10
Legal Compliance Risk <i>Risks arising from non-compliance with legislative requirements.</i>			30	30	30
	Improved Transparency	Gifts & Hospitality	8		8
	Statutory Compliance	Health & Safety including CDM.	10	20	10

	Statutory Compliance	Employment Law		10	
	Statutory Compliance	Information Governance	12		12
<b>Governance Risk</b> <i>Risk that losses or organisational performance is compromised as a result of unclear authorities, structures and accountabilities</i>			45	42	25
	Effective Corporate Planning & Performance	Corporate Risk Management Framework	15	15	15
	Improved Transparency	Code of Corporate Governance Declarations of Interest	10		
	Effective Corporate Planning & Performance	Business Recovery/Contingency		12	
	Improved Transparency	WYCA Governance - Decision making arrangements, and delegations.		15	

	Attainment of Value for Money.	Engagement of Consultants	10		10
	Statutory Compliance	Recruitment Procedures & Temporary Employment Arrangements	10		
<b>Operational/ Risk</b> <i>Risk of impaired service delivery resulting from inadequate or failed internal processes and systems, error and deficiencies in the performance of external suppliers and stakeholders.</i>			43	38	45
	Bus Services Provision	Prepaid Tickets & Concessionary Fares	25	12	25
	Bus Services Provision	Tendered Subsidised Bus Services Management/Monitoring		18	
	Retail Services	Metro Travel Centre Operations	18	8	8
	Retail Services	English National Concessions Travel Scheme			12
<b>Delivery Change Risk</b> <i>Risk that programmes</i>			72	77	45

<p><i>and projects are not delivered in time, within budget and do not deliver agreed benefits. Risk of fraud, misappropriation of funds</i></p>					
	<p>Delivery of Projects &amp; Programmes</p>	<p>Growth Deal</p> <p>Programme Monitoring. Programmes/Projects; reporting, risk management, cost control, compliance with conditions of funding includes;</p> <p>Transport Fund, Enterprise Zones, Resource Efficiency Fund, Housing &amp; Regeneration, Skills Capital, Business Growth Programme.</p>	25	25	25
	<p>Delivery of Projects &amp; Programmes</p>	<p>Superfast Broadband</p> <p>risk management, cost control, compliance with conditions of funding</p>	12		
	<p>Delivery of Projects &amp; Programmes</p>	<p>Growing Places Fund – Loans</p> <p>risk management, cost control, compliance with conditions of funding</p>		12	

	Delivery of Projects & Programmes	Leeds Public Transport Investment Fund LPTIP  risk management, cost control, compliance with conditions of funding		10	
	Delivery of Projects & Programmes	Local Transport Plan LTP  risk management, cost control, compliance with conditions of funding	10	10	10
	Delivery of Projects & Programmes	City Cycle Ambition Grant  risk management, cost control, compliance with conditions of funding	10		
	Delivery of Projects & Programmes	Ultra-Low Emissions Vehicles  risk management, cost control, compliance with conditions of funding		10	

	Managing Assurance	PMO Feasibility and Assurance controls;  due diligence/approval management,  PIMS	15	10	10
Information and Communication Risks  <i>Failing to provide sufficient, appropriate, consistent and timely information to key internal and external stakeholders.</i>			16	0	16
	Improved Transparency	Transparency Code Compliance	8		8
	Improved Transparency	Freedom of Information Requests	8		8
Data Security/Data Protection Risks  <i>Failure to adequately maintain and protect business critical data and appropriately, hold sensitive</i>			26	20	20

<i>personal information</i>					
	Statutory Compliance	Safeguarding children and vulnerable adults. (SEN Contracts, Concessionary Fares)	10	10	10
	Statutory Compliance	GDPR Readiness	6		
	Secure Systems	Cyber Attack/Systems Penetration	10	10	10
<b>Counter Fraud</b>			<b>26</b>	<b>26</b>	<b>26</b>
	Statutory Compliance Robust Financial Management	Pro-active counter fraud, data matching tests	6	6	6
	Statutory Compliance Robust Financial Management	Allowance to investigate allegations of suspected fraud, bribery or corruption.	20	20	20
<b>Value for Money</b>			<b>20</b>	<b>20</b>	<b>20</b>
	Attainment of Value for Money.	Allowance for value for money reviews of functions and processes in operation.	20	20	20
<b>Consultation</b>			<b>12</b>	<b>12</b>	<b>12</b>
	Secure Systems	Allowance for the provision of advice in relation to the development and implementation of new or significant changes to systems and processes	12	12	12

Certification			54	54	54
	Head of Internal Audit Assurance	Access Innovation Fund	3	3	3
	Head of Internal Audit Assurance	Growth Deal Fund	8	8	8
	Head of Internal Audit Assurance	Growth Hub Grant	3	3	3
	Head of Internal Audit Assurance	Resource Efficiency Fund	8	8	8
	Head of Internal Audit Assurance	Local Transport Fund	8	8	8
	Head of Internal Audit Assurance	Interreg SHARE North	8	8	8
	Head of Internal Audit Assurance	City Cycle Grant	2	2	2
	Head of Internal Audit Assurance	L-CREATE, ERDF & ESIF	6	6	6
	Head of Internal Audit Assurance	Strategic Business Growth Fund	8	8	8
Follow up			20	20	20
	Head of Internal Audit Assurance	Allowance for the follow up of progress in implementing agreed actions to significant control weaknesses	20	20	20
			454	402	393

## Risk-Based Assurance

Risk Category	2018/19 Days	2019/2020 Days	2020/21 Days
Financial Risk - <i>Risk of failing to manage finances in accordance with public sector accounting requirements and funding constraints.</i>	90	63	80
Legal Compliance Risk - <i>Risks arising from non-compliance with legislative requirements.</i>	30	30	30
Governance Risk - <i>Risk that losses or organisational performance is compromised as a result of unclear authorities, structures and accountabilities</i>	45	42	25
Operational/ Risk - <i>Risk of impaired service delivery resulting from inadequate or failed internal processes and systems, error and deficiencies in the performance of external suppliers and stakeholders.</i>	43	38	45
Delivery Change Risk - <i>Risk that programmes and projects are not delivered in time, within budget and do not deliver agreed benefits. Risk of fraud, misappropriation of funds</i>	72	77	45
Information and Communication Risks - <i>Failing to provide sufficient, appropriate, consistent and timely information to key internal and external stakeholders.</i>	16	0	16
Data Security/Data Protection Risks - <i>Failure to adequately maintain and protect business critical data and appropriately, hold sensitive personal information</i>	26	20	20

**Director:** Angela Taylor, Director of Resources

**Author:** Russell Gott



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**Report to:** Governance and Audit Committee

**Date:** 25 January 2018

**Subject:** Internal Audit Plan 2017/18

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## **1 Purpose**

- 1.1 To consider actions required to enable the delivery of the Internal Audit Plan for 2017/18.
- 1.2 To consider the resourcing requirements for the completion of the Internal Audit Plan 2017/18.

## **2 Information**

- 2.1 The Internal Audit Plan was approved by the Governance & Audit Committee in April 2017. The Plan is designed to deliver work on the core financial systems, data systems and reactive and proactive counter-fraud and probity audits. This seeks to provide a level of assurance that the basic governance and control arrangements continue to operate effectively, minimising the risk of misappropriation, loss and error. The Plan does not include any provision for value added activities such as value for money reviews or any significant allowance for consultation.
- 2.2 The Plan identified a resource requirement which was slightly in excess of that which could be provided by the in-house team at the time of its development. However, it was anticipated that this position could be managed if the levels of contingencies within the plan were not fully required.
- 2.3 This report considers the impact of changes to the level of resource provided through the internal audit team and develops options to enable a reduced level of audit work to be undertaken and subsequently a lower level of assurance, through the delivery of a revised internal audit plan 2017/18.

### Resourcing

- 2.4 The 2017/18 approved establishment for the internal audit team consists of an internal audit manager, responsible for the delivery of the function along with statutory responsibilities of the Authority's Chief Audit Executive, two internal auditors employed on a full time basis and one internal auditor on a fixed-term contract due to end in December 2017. The internal audit manager has made representations through WYCA's organisational development programme to secure all three internal auditor positions as permanent posts. However, at the time of

writing this report, this structure has not been approved pending understanding of the 2018/19 requirement and the best model to deliver this.

- 2.5 At the beginning of August 2017, one of the full time internal auditor posts became vacant, leaving the section with just one full time and one fixed-term internal auditor. WYCA approved, as an interim measure, that this post be filled with another fixed-term appointment. After consideration of the quality of applications for this post, it was agreed that it would be prudent to continue the incumbent’s fixed term post up until the completion of the audit plan, 31 March 2018. At this point WYCA’s future assurance requirements and subsequent resource requirement, and organisational development plan, will be identified and approved.
- 2.6 In December 2017 the remaining full time internal auditor tendered her resignation to take effect from 8 January 2017. This has left the section with one internal audit manager and one internal auditor (fixed-term to 31 March 2018). This has meant that the number of audit days available has effectively been reduced by a total of approximately 140 days in 2017/18. Approval was provided by WYCA’s Leadership Team to appoint an Internal Auditor through an agency arrangement for a three month period commencing in January 2018.

Internal audit plan 2017/18

- 2.7 To mitigate the overall shortfall in internal audit resource, a review of the assignments remaining within the 2017/18 plan has been undertaken and potential reductions to the plan identified. This can be achieved through a combination of measures including the deferment of some reviews, a reduction in scope and levels of testing provided in some assignments, an increase in direct audit days contributed by the Internal Audit Manager, (this will impact on other functional reporting and management activities and the effectiveness of quality review measures within the audit process) and the reduction of the general contingency included within the plan to allow for any unplanned work to be undertaken. These changes can be summarised as:

<u>Reduced scope</u>	<u>Audit Days Reduced</u>
Health & Safety	5
Business Continuity	4
CDM Compliance	4
Growth Deal	28
Procurement	8
<u>Deferred/Removed</u>	
Sector Skills Initiative	12
Proactive Anti-Fraud	6
Housing & Regeneration Projects	10
Human Resources	15
Skills Service/Skills Fund	12
Business Growth Programme/Access to Capital Grants	20

Debtors	8
<u>Reduced Contingency</u>	
Reduction in General Audit Plan Contingency	<u>9</u>
Total Plan Reduction	141

Appendix 1 of this report provides further details of these proposals along with a revised resourcing requirement.

- 2.8 It should be noted that these actions will result in a lower level of audit activity that that approved by WYCA on which to base independent assurance and the 2017/18 internal audit opinion. This will require disclosure in the annual governance statement.

### **3 Financial Implications**

- 3.1 Costs for the appointment of an internal auditor, employed through an agency arrangement, can be met through savings achieved against the allocated staffing budget for internal audit in 2017/18.

### **4 Legal Implications**

- 4.1 The Accounts & Audit Regulations (2015) require WYCA to maintain an adequate and effective internal audit function.
- 4.2 Public Sector Internal Audit Standard, PSIAS, 2030 requires the Chief Audit Executive to ensure that internal audit resources are appropriate, sufficient and effectively deployed.

### **5 Staffing Implications**

- 5.1 The approved staffing establishment for WYCA's internal audit function is 3 full time posts plus 1 fixed term contract to 31 December 2017. Current resourcing consists of one fixed term internal auditor up to 31 March 2018 and one internal auditor engaged through an agency arrangement to 31 March 2018.

### **6 External Consultees**

- 6.1 None.

### **7 Recommendations**

- 7.1 That the Governance & Audit Committee consider revisions to the Internal Audit Plan and the impact this will have on the level of assurance this provides in 2017/18.

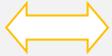
## **8 Background Documents**

8.1 None.

## Appendix 1

### Internal Audit Revision December 2017

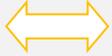
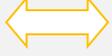
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Audit	Overview of Assurance	Approved Resource Requirement 2017/18 (days)	Actual Resource (days)	Revised Limited Plan	Assurance	Direction of Travel	Status
City Cycle Ambition Grant <sup>1</sup>	Consideration of procurement arrangements and officer appointments	12	6		Controlled		Completed
LTP Capital Programme Management	Assessment of the extent of compliance with WYCA's assurance framework including	12	11		Controlled		Completed

<sup>1</sup> Request from CA –Governance & Audit Committee

	arrangements to identify, monitor, control and report on the Capital Programme.						
Data Sharing	Assessment of the arrangements for the secure transfer and sharing of data.	10		10			Contractor
C.A. Members Code of Conduct	Review of compliance with the requirements of the code of conduct including declarations of interest	6	4		Controlled		Completed
Code of Corporate Governance	Assessment to ensure compliance with applicable standards and assessment against SOLACE/CIPFA principles framework including appropriate arrangements for the safeguarding and accountability of public funds, clear and effective communication with WYCA's stakeholders, clearly defined roles and responsibilities at the head of the organisation.	8	7		Controlled		Completed

Annual Governance Statement	Financial reporting including compliance with relevant standards and codes of corporate governance.  The establishment, monitoring and reporting on the systems of internal control.	5	3		N/A	N/A	Completed
Gifts, Hospitality & Interests	Assessment of arrangements in place for officers' declarations of gifts, hospitality and interests. Independent examination of records.	8	8		Well Controlled		Completed
Pro –Active Anti-Fraud Exercise	Statistical analysis for duplicate payments, data matching for creditor payments into staff inappropriate bank accounts.  Sample review of changes to bank payment master records.	6		0			
Anti-Fraud, Corruption & Bribery.	Review of policy and supporting guidance and	6	6		N/A	N/A	Drafted

	processes						
Money Laundering	Development of WYCA's policy in respect of Money Laundering Regulations.	8	6	2	N/A	N/A	Drafted
Access Innovation Fund	Head of IA assurance. Periodic report and claim review and certification	3	3		Controlled		Completed
Growth Deal Fund	Head of IA assurance. Periodic report and claim review and certification	8	6		Controlled		Completed
Growth Hub Grant	Head of IA assurance. Periodic report and claim review and certification	3	3		Controlled		Completed
Data Hosting Arrangements	To provide assurance on the delivery of robust service in line with contract and ensure adequate management controls exist relating to operations and the security of data including recovery if necessary.	12		12			Contractor
Resource Efficiency Fund	Head of IA assurance. Periodic report and claim	8	8		Controlled		Completed

	review and certification						
Sector Skills Initiative	Operation of controls in respect of Digital, Manufacturing and construction initiatives	12		0			*Defer 18/19
Resource Efficiency Fund	Governance framework, operation & application of assurance framework, programme management, monitoring & reporting, cost control, risk management.	12	15		Controlled	First Year Review	
SCIP Programme	Provision of independent, 3rd line of defence programme assurance in respect of Smart transactions Web and development of on-line payment facilities.	12	9	2			Drafted
Growing Places Fund	Evaluation of expressions of interest, business case, due diligence, loan agreements, drawdown arrangements, monitoring of loans.  Administration of loans, evaluation criteria and monitoring procedures.	16	12	4			In progress

Cashbook/Treasury Management	Review of the operation of key controls including treasury management, segregation, review, authorisation, third part services and assurances.	12	12		Controlled		Drafted
Data Security/ Protection	System penetration testing -arrangements to protect WYCA ICT systems from attack	15		15			Contractor
Local Transport Plan	Head of IA assurance.  Periodic report and claim review and certification  Systems and procedures to control the allocation of payments and provide evidence of eligible expenditure.	8	10		Controlled		Completed
Interreg SHARE NORTH	Head of IA assurance. Periodic report and claim review and certification	4	4		Controlled		Completed
Cycle City Grant	Head of IA assurance. Periodic report and claim review and certification	3		3			
L- CREATE – ERDF & ESIF	Head of IA assurance. Periodic report and claim	4	3		Controlled		Completed

	review and certification						
Green Deal Communities Fund	Head of IA assurance. Periodic report and claim review and certification	3		3			
Housing & Regeneration Projects <sup>2</sup>	Healthcheck. Publicity & promotion, outline business case appraisal, full basis case evaluation, due diligence, loan agreements, drawdown, programme monitoring, cost management.	10		0			
Human Resources	Assessment of employee engagement, recruitment & selection, performance management, training & development and compliance with employment law.	15		0			
Metro Travel Centre Operations	To review the adequacy of Ticket sales, stock, cash handling security, reconciliations & reviews performed  Cash collected is	15	12		Controlled		Completed

<sup>2</sup> Light touch follow up on review completed in 2016/17

	<p>administered and properly controlled to reduce the risk of loss or fraud.</p> <p>Associated back-office operations</p>						
Tendered Subsidised Contracts	<p>Tendering arrangements, batches, de minimis contracts, insurance, operator's licences, lost mileage, payment calculations and processes.</p> <p>Arrangements support and provide contract compliance. To include "gross cost" contracts.</p>	20	16	4			In Progress
English National Concessions Travel Scheme	<p>Validation rules for applicants, disabled and blind person applications are processed in liaison with district social services departments, robust processes and validation requirements for issuing replacements and renewals.</p> <p>Awareness and</p>	12	12				Completed

	communication of requirements of Concessionary Bus Travel Act						
Skills Service & Skills Fund	Processes & procedures, assessment of grant applications  Compliance with funding agreements	12		0			
West Yorkshire + York Broadband	Processes & procedures, Certification of expenditure, Compliance with funding agreements and compliance with partnership agreements/claw back provisions.	20	14	6			In Progress
Payroll	Review of the operation of key controls including arrangements for starters, leavers, pay points, member's allowances, expenses & deductions	12	10	2			In Progress
Health & Safety <sup>3</sup>	Health & Safety Policy meets legal requirements	10		5			Follow up

<sup>3</sup> Light touch follow up of review undertaken in 2016/17

	<p>as provided in the Health &amp; Safety at Work Act and other relevant Acts.</p> <p>Workplaces and welfare requirements, recording accidents, illness and first aid, use and maintenance of work equipment, control of exposure to hazardous substances, electrical equipment, noise and radiation.</p> <p>Provision of protective clothing or equipment, Reporting of injuries, diseases and dangerous occurrences to the enforcing authority (RIDDOR).</p> <p>The control and management of asbestos, management of contractors, smoke free legislation, alcohol and substance abuse.</p>						only
Business Growth Programme/ Access to Capital Grants Programme	Appraisal of applications & due diligence, grant claims and payment processes, project	20		0			

	<p>monitoring/reporting, compliance with SLA, cost monitoring control.</p> <p>WYCA expenditure - over £100k</p> <p>Compliance with SLA for schemes administered by LCC – less than £100k.</p>						
Prepaid Tickets & Concessionary Travel	<p>Calculations of prepaid ticket pool and distribution, concessionary fares reimbursements, on account payments and quarterly adjustments, Haven system controls and reporting. Arrangements for accounting for stocks, cash.</p> <p>Consider controls for smartcard transactions.</p> <p>Payzone sales processing system.</p>	25		25			Required

Business Continuity <sup>4</sup>	Assessment of the plan to be implemented in the event of incident(s) which impact on WYCA being able to operate.	8		4			Follow up
CDM Compliance <sup>5</sup>	Compliance with The Construction (Design and Management) Regulations 2015	8		4			Follow up
Growth Deal	Independent assessment of the extent of compliance with WYCA's assurance framework for a selection of specific schemes including governance, programme management – scheme evaluation, risk, cost, progress/delivery.	40		12			Review of feasibility & assurance controls only
Main Accounting – General Ledger	Review of the operation of key controls including System user rights, review, control, adequacy and timeliness, budgetary control, systems interface – education, bleep, and	10		10			

<sup>4</sup> Light touch follow up of review undertaken in 2016/17

<sup>5</sup> Light touch follow up of review undertaken in 2016/17

	payroll. VAT.						
Creditors	Review of the operation of key controls including segregation, authorisation, reconciliation of statements, BACS controls	10	6	4			In progress
Debtors	Test arrangements for write offs, requisitioning, reporting, review of accounts, debt age monitoring and reporting	8		0			Take out but assurances will be required from management , to Governance & Audit Committee concerning bad debts issues identified in16/17
Procurement	Review of the operation of key controls including tendering, ordering, commitments, compliance with SOFRs, e- procurement,	16		8			Follow up only

	<p>purchasing cards.</p> <p>Examination of the procurement of consultants services including an independent assessment of vfm and management arrangements</p>						
Risk Management	<p>Effectiveness of risk management processes, risk management guidance and support, Identification of risk, risk evaluation, risk mitigation and control, monitoring risks, reporting the status of key risks and controls, recording the management of risks, including the effectiveness of the controls and other responses to them, risk awareness and training</p>	20		20			Key
Fraud Investigations	<p>Contingency for any required investigations in response to allegations of fraud, bribery or corruption</p>	20 Days		20			

Audit Plan Contingency	Contingency for any requirement for additional audit assurance and for other unplanned audit work identified in year.	25 Days	6	10	Poorly Controlled		HR data protection
Total		552	212	185			

**\*Items highlighted in red are reductions or removals from the plan**

39

Original approved plan	552
Work performed to date	<u>(212)</u>
	340
Proposed Reduction to plan	<u>(155)</u>
	185

To be provided by;

Contractor	37	
RG	36	
GL	10	
BL	49	<u>(132)</u>
		53*

\* To be provided through the temporary engagement of an internal auditor for the period from January to March 2018

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**Director:** Angela Taylor, Director,  
Resources  
**Author:** Russell Gott



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**Report to:** Governance and Audit Committee

**Date:** 25 January 2018

**Subject:** Internal Audit Progress Report

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## 1 Purpose

1.1 To inform WYCA of the work undertaken by the Internal Audit Section.

## 2 Information

2.1 In accordance with the Accounts & Audit (England) Regulations 2015, WYCA must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards and guidance.

2.2 This report provides details of activities undertaken by the Internal Audit Section in the period from 1 October 2017 to 31 December 2017 and provides progress in delivering the 2017/18 audit plan, audit opinions on reviews completed, summaries of any significant issues identified and the status of high priority recommendations which have not been implemented within agreed timescales.

2.3 The Internal Audit Section has undertaken work contained within WYCA's audit plan through the performance and release of the following audit reports;

- Treasury Management – Controlled
- Travel Centre Operations - Controlled
- Smartcard Information Programme – Controlled

2.4 There were no significant deficiencies identified as a result of the work undertaken. Cumulative information concerning audit reviews performed, opinions provided, indication of the movement in control assessments and a reconciliation of the forecast of the resourcing required to deliver the plan is provided in the dashboard table attached to this report (appendix 1).

### Work in Progress

2.5 In addition to the completion of scheduled audit reviews provided in section 2.3 of this report, a number of audit reviews are currently in progress and include:

- Resource Efficiency Fund
- English National Concessions Travel Scheme

- Tendered Subsidised Bus Contracts
- Creditors
- Superfast Broadband
- Payroll
- Growing Places Fund

Outstanding Audit Recommendations

2.6 The following high priority audit recommendations were overdue at the time of writing this report:

Audit Review	Recommendation	Risk	Progress
Health & Safety	Emergency Evacuation Procedures. That emergency evacuation procedures are designed and tested regularly to ensure they are appropriate for each site. These procedures to be readily available at each site and centrally on the network drive.	Emergency evacuation procedures are not appropriate and are not accessible.	Due Date: 30/6/17  Completion: 90%  Work is underway to update procedures to ensure they reflect latest advice on bomb and fire evacuations from the bus stations. Current procedures are stored locally on site.
HR Data Protection Network Drives	That access rights to HR Data files held on the network drive be withdrawn from members of the HR team who do not require this information to perform their duties.	Breach of data protection	Due Date: 1/10/17  Completion: 0%  As a precautionary measure all HR staff have signed a confidentiality form in relation to DPA. Evaluation of the system will be undertaken after the departmental restructure. In the meantime there is a business requirement to have access to data provided across the team.

**3 Financial Implications**

3.1 None.

**4 Legal Implications**

4.1 The Accounts & Audit Regulations (2015) require the Authority to maintain an adequate and effective internal audit function.

**5 Staffing Implications**

5.1 The performance of some elements of the audit plan require the buying-in of third-party specialist services.

**6 External Consultees**

6.1 None.

**7 Recommendations**

7.1 That this report is noted.

**8 Background Documents**

8.1 None.

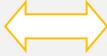
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## Internal Audit Dashboard December 2017

Audit	Overview of Assurance	Resource Requirement 2017/18	Actual Resource	Assurance	Direction of Travel	Status
Period 1 45		115 Days	71 Days			
City Cycle Ambition Grant <sup>1</sup>	Consideration of procurement arrangements and officer appointments	12	6	Controlled	↔	Completed
LTP Capital Programme Management	Assessment of the extent of compliance with WYCA's assurance framework including arrangements to identify, monitor, control and report on the Capital Programme.	12	11	Controlled	↓	Completed
Data Sharing	Assessment of the arrangements for the secure transfer and sharing of data.	10				Contractor
C.A. Members Code of Conduct	Review of compliance with the requirements of the code of conduct including declarations of interest	6	4	Controlled	↔	Completed

<sup>1</sup> Request from CA –Governance & Audit Committee

Code of Corporate Governance	Assessment to ensure compliance with applicable standards and assessment against SOLACE/CIPFA principles framework including appropriate arrangements for the safeguarding and accountability of public funds, clear and effective communication with WYCA's stakeholders, clearly defined roles and responsibilities at the head of the organisation.	8	7	Controlled		Completed
Annual Governance Statement	Financial reporting including compliance with relevant standards and codes of corporate governance.  The establishment, monitoring and reporting on the systems of internal control.	5	3	N/A	N/A	Completed
46 Gifts, Hospitality & Interests	Assessment of arrangements in place for officers' declarations of gifts, hospitality and interests. Independent examination of records.	8	8	Well Controlled		Completed
Pro –Active Anti- Fraud Exercise	Statistical analysis for duplicate payments, data matching for creditor payments into staff inappropriate bank accounts.  Sample review of changes to bank payment master records.	6				
Anti-Fraud, Corruption & Bribery.	Review of policy and supporting guidance and processes	6	6	N/A	N/A	Drafted
Money Laundering	Development of WYCA's policy in respect of Money Laundering Regulations.	8	6	N/A	N/A	Drafted

Access Innovation Fund	Head of IA assurance. Periodic report and claim review and certification	3	3	Controlled		Completed
Growth Deal Fund	Head of IA assurance. Periodic report and claim review and certification	8	6	Controlled		Completed
Growth Hub Grant	Head of IA assurance. Periodic report and claim review and certification	3	3	Controlled		Completed
Data Hosting Arrangements	To provide assurance on the delivery of robust service in line with contract and ensure adequate management controls exist relating to operations and the security of data including recovery if necessary.	12				Contractor
47 Resource Efficiency Fund	Head of IA assurance. Periodic report and claim review and certification	8	8	Controlled		Completed
Period 2		111 Days	65			
Sector Skills Initiative	Operation of controls in respect of Digital, Manufacturing and construction initiatives	12				Defer
Resource Efficiency Fund	Governance framework, operation & application of assurance framework, programme management, monitoring & reporting, cost control, risk management.	12	15	Controlled	First Year	Drafted
SCIP Programme	Provision of independent, 3rd line of defence programme assurance in respect of Smart transactions Web and development of on-line payment facilities.	12	9	Controlled		Completed

Growing Places Fund	Evaluation of expressions of interest, business case, due diligence, loan agreements, drawdown arrangements, monitoring of loans. Administration of loans, evaluation criteria and monitoring procedures.	16	12			In Progress
Cashbook/Treasury Management	Review of the operation of key controls including treasury management, segregation, review, authorisation, third part services and assurances.	12	12	Controlled		Completed
Data Security/ Protection	System penetration testing -arrangements to protect WYCA ICT systems from attack	15				Contractor
48 Local Transport Plan	Head of IA assurance. Periodic report and claim review and certification Systems and procedures to control the allocation of payments and provide evidence of eligible expenditure.	8	10	Controlled		Completed
Interreg SHARE NORTH	Head of IA assurance. Periodic report and claim review and certification	4	4	Controlled		Completed
Cycle City Grant	Head of IA assurance. Periodic report and claim review and certification	3				
L- CREATE – ERDF & ESIF	Head of IA assurance. Periodic report and claim review and certification	4	3	Controlled		Completed
Green Deal Communities Fund	Head of IA assurance. Periodic report and claim review and certification	3				
Housing & Regeneration	Healthcheck.	10				

Projects <sup>2</sup>	Publicity & promotion, outline business case appraisal, full basis case evaluation, due diligence, loan agreements, drawdown, programme monitoring, cost management.					
Period 3		136 Days	64			
Human Resources	Assessment of employee engagement, recruitment & selection, performance management, training & development and compliance with employment law.	15				
Metro Travel Centre Operations 49	To review the adequacy of Ticket sales, stock, cash handling security, reconciliations & reviews performed  Cash collected is administered and properly controlled to reduce the risk of loss or fraud.  Associated back-office operations	15	12	Controlled		Completed
Tendered Subsidised Contracts	Tendering arrangements, batches, de minimis contracts, insurance, operator's licences, lost mileage, payment calculations and processes.  Arrangements support and provide contract compliance. To include "gross cost" contracts.	20	16			In Progress
English National Concessions Travel Scheme	Validation rules for applicants, disabled and blind person applications are processed in liaison with district social services departments, robust processes and validation requirements for issuing replacements and	12	12			In Progress

<sup>2</sup> Light touch follow up on review completed in 2016/17

	renewals. Awareness and communication of requirements of Concessionary Bus Travel Act					
Skills Service & Skills Fund	Processes & procedures, assessment of grant applications Compliance with funding agreements	12				
West Yorkshire + York Broadband	Processes & procedures, Certification of expenditure, Compliance with funding agreements and compliance with partnership agreements/claw back provisions.	20	14			In Progress
Payroll 50	Review of the operation of key controls including arrangements for starters, leavers, pay points, member's allowances, expenses & deductions	12	10			In Progress
Health & Safety <sup>3</sup>	Health & Safety Policy meets legal requirements as provided in the Health & Safety at Work Act and other relevant Acts. Workplaces and welfare requirements, recording accidents, illness and first aid, use and maintenance of work equipment, control of exposure to hazardous substances, electrical equipment, noise and radiation. Provision of protective clothing or equipment, Reporting of injuries, diseases and dangerous occurrences to the enforcing authority	10				

<sup>3</sup> Light touch follow up of review undertaken in 2016/17

	(RIDDOR). The control and management of asbestos, management of contractors, smoke free legislation, alcohol and substance abuse.					
Business Growth Programme/ Access to Capital Grants Programme	Appraisal of applications & due diligence, grant claims and payment processes, project monitoring/reporting, compliance with SLA, cost monitoring control. WYCA expenditure - over £100k Compliance with SLA for schemes administered by LCC – less than £100k.	20				
Period 4 51		145 Days	6			
Prepaid Tickets & Concessionary Travel	Calculations of prepaid ticket pool and distribution, concessionary fares reimbursements, on account payments and quarterly adjustments, Haven system controls and reporting. Arrangements for accounting for stocks, cash. Consider controls for smartcard transactions. Payzone sales processing system.	25				
Business Continuity <sup>4</sup>	Assessment of the plan to be implemented in the event of incident(s) which impact on WYCA being able to operate.	8				

<sup>4</sup> Light touch follow up of review undertaken in 2016/17

CDM Compliance <sup>5</sup>	Compliance with The Construction (Design and Management) Regulations 2015	8				
Growth Deal	Independent assessment of the extent of compliance with WYCA's assurance framework for a selection of specific schemes including governance, programme management – scheme evaluation, risk, cost, progress/delivery.	40				
Main Accounting – General Ledger	Review of the operation of key controls including System user rights, review, control, adequacy and timeliness, budgetary control, systems interface – education, bleep, and payroll. VAT.	10				
Creditors	Review of the operation of key controls including segregation, authorisation, reconciliation of statements, BACS controls	10	6			In Progress
Debtors	Test arrangements for write offs, requisitioning, reporting, review of accounts, debt age monitoring and reporting	8				
Procurement	Review of the operation of key controls including tendering, ordering, commitments, compliance with SOFRs, e- procurement, purchasing cards.  Examination of the procurement of consultants services including an independent assessment of vfm and management arrangements	16				

<sup>5</sup> Light touch follow up of review undertaken in 2016/17

Risk Management	Effectiveness of risk management processes, risk management guidance and support, Identification of risk, risk evaluation, risk mitigation and control, monitoring risks, reporting the status of key risks and controls, recording the management of risks, including the effectiveness of the controls and other responses to them, risk awareness and training	20				
Fraud Investigations	Contingency for any required investigations in response to allegations of fraud, bribery or corruption	20 Days				
Audit Plan Contingency 53	Contingency for any requirement for additional audit assurance and for other unplanned audit work identified in year.	25 Days	6	Poorly Controlled		HR data protection
Total		552	212			

Original approved plan	552
Work performed to date	<u>(212)</u>
	340
Proposed Reduction to plan	<u>(155)</u>
	185

To be provided by;

Internal Team	148	
Contractor	37	
		<u>(185)</u>

**Director and author:** Angela Taylor,  
Director of Resources



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**Report to:** Governance and Audit Committee

**Date:** 25 January 2018

**Subject:** External Audit Report

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## 1 Purpose

1.1 This report sets out information on external audit matters.

## 2 Information

2.1 The external auditors Mazars have advised us of a change in the key contacts for their audit work at WYCA. Steve Appleton, the Audit Senior Manager has recently retired and his role has been taken on by Mark Dalton. Mazars have also provided an update report which is attached as **Appendix 1** and Mark Kirkham, the Audit Partner, will be in attendance at the meeting to present it.

2.2 PSAA has undertaken a consultation process, from mid December 2017 to 15 January 2018 on the audit fees for the 2018/19 audits. The timing of this did not coincide with the meetings of this Committee and information was provided to this Committee by email as follows:

‘In summary Public Sector Audit Appointments Limited (PSAA) are responsible for setting the scale of audit fees for those bodies such as WYCA that have opted into the appointing person scheme. They are proposing a reduction in the audit scale fees of 23%. For WYCA this is a reduction in the current audit fee from £33,720 to £25,964.

PSAA hope to maintain this reduction for at least the next three years of the contract. They have also confirmed that this level of audit fee will still enable the auditors to carry out the required work on the 2018/19 accounts as set out in the Local Audit and Accountability Act 2014 and under the Code of Audit Practice published by the National Audit Office.’

2.3 This reduction in fees is in line with the intentions PSAA set out in their recent tendering process. The responses of the Committee to the information in 2.2 have highlighted some concern that the fall in audit fees either means the volume of work required has decreased, thereby raising questions as to whether the appropriate quality can be achieved, or whether previous years’ audit fees have been excessive. It is proposed that the Committee discuss this matter with the external auditors at this meeting.

**3 Financial Implications**

3.1 None arising directly from this report. Audit fees are included in the annual revenue budgets.

**4 Legal Implications**

4.1 None arising directly from this report.

**5 Staffing Implications**

5.1 None arising directly from this report.

**6 External Consultees**

6.1 None.

**7 Recommendations**

7.1 That the Governance and Audit Committee note the update report from Mazars and the audit fee consultation.

**8 Background Documents**

8.1 None.

# Audit Progress Report

West Yorkshire Combined Authority

January 2018



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Our reports are prepared in the context of the Public Sector Audit Appointment Limited’s ‘Statement of responsibilities of auditors and audited bodies’. Reports and letters prepared by appointed auditors and addressed to Members or officers are prepared for the sole use of the Authority and we take no responsibility to any Member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

# Audit progress

## Purpose of this report

The purpose of this report is to update the Governance and Audit Committee of the West Yorkshire Combined Authority (the Authority) on progress in delivering our responsibilities as your external auditors.

This paper also seeks to highlight key emerging national issues and developments which may be of interest to Members of the Audit and Governance Committee.

If you require any additional information regarding the issues included within this briefing, please contact any member of your engagement team.

Finally, please note our website address [www.mazars.co.uk](http://www.mazars.co.uk) which sets out the range of work Mazars carries out, both within the UK and abroad. It also details the existing work Mazars does in the public sector.

## 2017/18 audit

We have starting planning for the 2017/18 audit which covers:

- the audit of the financial statements;
- our work to conclude on your arrangements for securing value for money; and
- a programme of work specified by NAO in respect of your Whole Government Accounts submission.

Our planning involves assessing the risks of material misstatement in the financial statements and the risks relating to the value for money conclusion and developing a plan of audit procedures to address the identified risks. We do this by:

- identifying the business risks facing the Authority, including assessing your own risk management arrangements;
- considering the Authority's financial performance;

- assessing internal control, including reviewing the control environment;
- evaluating and testing the IT control environment;
- assessing the risk of material misstatement arising from the activities and controls within the information systems; and
- walking through the key controls within the key financial systems.

We will hold planning meetings with senior managers to inform our planning risk assessments and to better understand the priorities and challenges the Authority faces.

We will present our Audit Strategy Memorandum to the March 2018 Governance and Audit Committee. This will set out the significant risks we have identified for the audit, for both the opinion on the statement of accounts and the value for money conclusion, and our approach to the audit.

As part of our commitment to quality, team members have already attended our annual audit training conference which includes feedback from quality reviews to take into account in the coming year.

## Financial Reporting Workshops

Planning of our Local Government Financial Reporting workshops for early in the New Year is well advanced. These workshops provide an update on the latest developments as well as a forum for our clients to discuss emerging issues. Agenda items will include a revisit of 2016/17 issues, early close implications, changes in the 2017/18 Code and a forward look to future regulatory and policy changes. The Leeds event is on Wednesday 7<sup>th</sup> February 2018 and we have invited relevant officers from the Authority.

## Request for information

International Auditing Standards require auditors to ask 'those charged with governance' (i.e. the Governance and Audit Committee) about arrangements the entity has put in place:

- to prevent and detect fraud; and
- to comply with applicable law and regulations.

Our request also covers the appropriateness of the going concern assumption.

We list our questions below and would be grateful if the Committee could provide a response by the end of March 2017. Your responses will inform our assessment of the risk of fraud and error within the financial statements, which in turn determines the extent of audit work we need to undertake.

- 1) How do you exercise oversight of management's processes in relation to:
  - undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error;
  - identifying and responding to risks of fraud in the Authority, please detail any specific risks of fraud which management have identified, and classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
  - communicating to employees its view on business practice and ethical behavior; and
  - communicating to you the processes for identifying and responding to fraud or error.
- 2) How do you oversee management processes for identifying and responding to possible breaches of internal control? Are you aware of any significant breaches of internal control during 2017/18?
- 3) How do you gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of significant non-compliance during 2017/18?
- 4) Are you aware of any actual or potential litigation or claims that would affect the financial statements?
- 5) Have you carried out a preliminary assessment of the going concern assumption and if so have you identified any events which may cast significant doubt on the Authority's ability to continue as a going concern?

# National publications and other updates

## National publications and other updates

1. **A short guide to Local Authorities, National Audit Office, October 2017**
2. **Update on Auditor Appointments from 2018/19, Public Sector Audit Appointments, October 2017**
3. **Care Quality Commission regulating health and social care, National Audit Office, October 2017**
4. **PSAA is consulting on the fee scale for 2018/19 audits of opted-in bodies, December 2017**
5. **PSAA's Report on the results of auditors' work 2016/17: Local government bodies, December 2017**
6. **Secretary of State for Communities and Local Government announces shake-up of the funding formula for local authorities, December 2017**

### 1. A short guide to Local Authorities, National Audit Office, October 2017

The NAO is publishing a suite of short guides for the new Parliament, one for each government department and a selection of cross-government issues. The guide gives an overview of how local government is funded, the pressures local authorities face, staffing, major recent developments and what to look out for in the main local authority services.

For example, the guide highlights 39% of the 2015/16 local authorities budgeted non-schools expenditure (£16.8 billion) was allocated to adult social care. The guide also highlights key challenges to accountability in local government.

<https://www.nao.org.uk/report/short-guide-to-local-authorities/>

### 2. Update on Auditor Appointments from 2018/19, Public Sector Audit Appointments, October 2017

The consultation on the proposed auditor appointments from 2018/19 closed on 22 September. PSAA received 442 responses from opted-in bodies confirming acceptance of the proposed appointment. A response was not received from 34 bodies and PSAA has written to those bodies to say that they have assumed they accept the firm proposed. PSAA received 7 representations to proposed appointments for reasons of joint working relevant to the auditor's responsibilities, independence issues with the proposed auditor, or concerns about service from the proposed firm. In these cases, PSAA are now consulting on alternative proposed appointments where appropriate.

<https://www.psa.co.uk/2017/10/news-release-update-on-auditor-appointments-from-201819/>

PSAA has now confirmed the auditor appointments from 2018/19 to the opted-in bodies by the statutory deadline of 31 December 2017.

<https://www.psa.co.uk/2017/12/news-release-confirmation-of-auditor-appointments-from-2018-19/>

### **3. Care Quality Commission regulating health and social care, National Audit Office, October 2017**

The Care Quality Commission has improved as an organisation, but now needs to overcome some persistent issues with the timeliness of some of its regulation activities if it is to sustain further improvement, the National Audit Office (NAO) has found.

The report found that the Commission has completed its inspection and rating programme comprising more than 28,000 provider locations, which provides a benchmark of the quality of health and social care services. It has significantly reduced staff vacancies and is increasing its focus on cost savings. In addition, the Commission has improved how it measures its performance, and takes action to correct poor performance.

Inspection staff, however, highlighted concerns to the NAO about how well the broader information systems currently supported them. The NAO also found that Commission does not meet its timeliness targets for some of its regulation activities, such as registration and publication of inspection reports.

According to the NAO, although most providers and inspectors think that the Commission's judgements are fair, stakeholders have concerns about consistency. The Commission is seeking to address consistency issues through its quality assurance processes and training.

The Commission is taking more enforcement action when care falls below fundamental standards, and there is evidence that it influences providers to improve quality, with most of the providers rated either inadequate or requires improvement having improved their rating on re-inspection. The number of completed enforcement actions increased over 2015/16 and 2016/17, while the number of providers entering special measures remained steady. The Commission links the increase with a focus on improving its inspectors' skills and knowledge about enforcement. Poor recording, however, means the Commission cannot be assured that enforcement action is always completed.

The Commission made progress in implementing its new strategy during 2016/17 although it missed early milestones on rolling out use of resources assessments and designing its approach to the next phase of inspection.

<https://www.nao.org.uk/report/care-quality-commission-regulating-health-and-social-care/>

### **4. PSAA is consulting on the fee scale for 2018/19 audits of opted-in bodies, December 2017**

The consultation sets out the proposed scale of fees for the work to be undertaken by appointed auditors in respect of the 2018/19 financial statement at bodies that have opted into PSAA's national auditor appointment scheme.

PSAA propose that scale audit fees for 2018/19 should reduce by 23 per cent, compared to the fees applicable for 2017/18. This reduction is possible as a result of the favourable prices secured from audit firms in the recent audit services procurement. It follows a period from 2012/13 to 2017/18 in which scale fees reduced significantly by an aggregate of 55 per cent.

The proposed audit fee for the West Yorkshire Combined Authority for the 2018/19 audit is £25,964 (compared to £33,720 for the 2017/18 audit).

<https://www.psa.co.uk/audit-fees/201819-work-programme-and-scales-of-fees/>

### **5. PSAA's Report on the results of auditors' work 2016/17: Local government bodies, December 2017**

On Tuesday 19 December Public Sector Audit Appointments published its *Report on the results of auditors' work 2016/17: Local government bodies*. This is the third report on the results of auditors' work at local government bodies published by PSAA. It summarises the results of auditors' work at 497 principal bodies and 9,752 small bodies for 2016/17. The report covers the timeliness and quality of financial reporting, auditors' local value for money work, and the extent to which auditors used their statutory reporting powers.

<https://www.psa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

## **6. Secretary of State for Communities and Local Government announces shake-up of the funding formula for local authorities, December 2017**

On Tuesday 19 December, within the local government settlement to the House of Commons, Communities secretary Sajid Javid announced a shake-up of the formula for distributing funding to local authorities in England. He also set out plans to allow councils to retain 75% of their business rates and a 1% increase in council tax raising powers.

The Communities secretary confirmed plans to end the revenue support grant and allow councils to retain 100% of local business rates by 2020 would be put on hold, over concerns that some councils could be left out of pocket. Instead, he said there needed to be an “updated and more responsive distribution methodology”, and that councils would be allowed to retain 75% of business rates by 2020/21. He said: “I am today publishing a formal consultation on a review of relative needs and resources. I aim to implement a new system based on its findings in 2020/21.”

He also announced that councils would be allowed to increase their Council Tax requirement by an additional 1% without a local referendum, bringing it in line with inflation.

[http://www.publicfinance.co.uk/news/2017/12/javid-announces-overhaul-local-authority-funding?utm\\_source=Adestra&utm\\_medium=email&utm\\_term=](http://www.publicfinance.co.uk/news/2017/12/javid-announces-overhaul-local-authority-funding?utm_source=Adestra&utm_medium=email&utm_term=)

# Contact details

Please let us know if you would like further information on any items in this report.

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**Director and author:** Angela Taylor,  
Director of Resources



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**Report to:** Governance and Audit Committee

**Date:** 25 January 2018

**Subject:** Internal controls and financial monitoring

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## **1 Purpose**

- 1.1 To provide the Committee with information on the operation of, and changes to, internal controls since the last meeting of the Committee.
- 1.2 To provide information on the current financial position.

## **2 Information**

- 2.1 This paper is provided to each meeting of the Governance and Audit Committee to provide information and assurance on governance issues.

### Internal control environment

- 2.2 Key controls within the Finance and the Concessions and Integrated Ticketing teams are monitored monthly given the significant flow of money through these teams. Controls are confirmed to be operating correctly and monthly reconciliations are up to date.
- 2.3 Regular review of the investments and treasury management arrangements continue, with quarterly meetings held with Leeds City Council who carry out many of the day to day operations under a Service Level Agreement. Prudential indicators remain within tolerance other than the indicator relating to proportion of fixed term debt. Due to high cash balances and low short term borrowing this indicator remains out of tolerance but the reasons for this are understood and no corrective action is required. Current prudential arrangements will be reconfirmed as part of the budget report to WYCA on 1 February.
- 2.4 The Committee has requested to be kept informed of any reportable accidents to the Health and Safety Executive (RIDDORs). There have been none in the period 1 January to 31 December 2017.
- 2.5 In November HMRC undertook a review of employment and payroll tax arrangements and has found nothing untoward to report.
- 2.6 No frauds, alleged frauds or breaches of internal control have been reported since the last meeting of this Committee.

### Financial monitoring

- 2.7 The budget report in preparation for the WYCA meeting of 1 February sets out the latest position for 2017/18 and proposes a budget for 2018/19 in the context of a three year strategy.
- 2.8 There are significant challenges in achieving a balanced budget position and reconciling the available funding to the business priorities and objectives. The pressures include the scale and timing of Enterprise Zone receipts, inflation on bus tendered services, ongoing use of reserves and pension changes as well as the financial pressure on the local authorities that provide the levy payments.
- 2.9 Forecast expenditure for 2017/18 is in line with the budget reported to the Combined Authority meeting on 14<sup>th</sup> December 2017 and relies, as agreed, on a use of reserves and a number of savings and efficiencies to be achieved. Though being managed within the overall total, there continues to be inflationary pressure on the bus tendered services budget (bus contracts are subject to annual RPI increases) and an increase in the base following higher than expected costs in 2016/17.
- 2.10 Progress on capital budgets is being monitored through the Investment Committee which receives regular reports on expenditure forecasts. Recent reports show expenditure to be on course to achieve spend targets for 2017/18.
- 2.11 After the budget is considered and approved on 1 February regular reporting against it, along with the key performance indicators identified in the business plan and changes to risk, will continue to be made to this Committee. It is also proposed that similar reporting will be made to WYCA.

### **3 Financial Implications**

- 3.1 As set out in the report.

### **4 Legal Implications**

- 4.1 None arising directly from this report.

### **5 Staffing Implications**

- 5.1 None arising directly from this report.

### **6 External Consultees**

- 6.1 None.

**7 Recommendations**

7.1 That the Committee note the report.

**8 Background Documents**

8.1 None

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**Director and Author:** Angela Taylor, Director of Resources



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**Report to:** Governance and Audit Committee

**Date:** 25 January 2018

**Subject:** Business planning and budget 2018/19

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## **1. Purpose**

- 1.1 To advise the Governance and Audit Committee of the work underway to progress business and budget planning for 2018/19.

## **2. Information**

### **Budget process**

- 2.1 At its meeting of 28 November the Committee requested further information regarding the business planning and budget setting process for 2018/19. This is set out below.
- 2.2 A report was taken to the October meeting of WYCA setting out the initial capital and revenue position and highlighting a potential shortfall in funding. The report set out the work underway to define corporate objectives and priorities and how the available funding could be best used in supporting these. The report proposed the establishment of a budget working group to look at the options available and to report back on 14 December with a proposed balanced budget that covered the next three years.
- 2.3 Work was undertaken by the Working Group and original forecasts for both income and expenditure were further developed and refined by officers. This resulted in a budget paper to WYCA on 14 December which proposed a £1m per year levy cut and set out a number of measures to align revenue income and expenditure over the three year period. The paper is attached as Appendix 1.
- 2.4 The final budget report has now been prepared for the WYCA meeting of 1 February, using the figures in the attached report and providing further detail on the specific savings plans and any income generation opportunities. It also sets out further detail on a number of matters including the reserves policy, treasury management arrangements and three year capital programme. A verbal update including any further relevant information will be provided to this meeting.
- 2.5 Regular reporting against the approved budget will continue to be made to this Committee as well as to WYCA.

**3. Financial Implications**

3.1 As set out in the report.

**4. Legal Implications**

4.1 As set out in the report.

**5. Staffing Implications**

5.1 As set out in the report.

**6. External Consultees**

6.1 None.

**7. Recommendations**

7.1 That the Governance and Audit Committee note the position with regard to business planning and budgets.

**8. Background Documents**

8.1 None.

**Director and Author: Angela Taylor, Director of Resources**



**Report to:** WYCA  
**Date:** 14 December 2017  
**Subject:** Business Planning and Budget 2018/19

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

## 1 Purpose

- 1.1 To advise Members of the work underway on business planning and budgeting for 2018/19.
- 1.2 To consider the key elements of the draft three year financial strategy.

## 2 Information

- 2.1 Over the past eighteen months WYCA has been progressing its One Organisation programme, establishing new Directorates, structures, ways of working and cultures and behaviours that enable the organisation to deliver on its priorities and objectives for inclusive economic growth in the region. Key successes and achievements in the past year include:
  - Planned delivery of £100m+ of Growth Deal projects in the current year including four skills capital projects (Leeds Printworks, Wakefield College, Selby College, Bradford College)
  - Provided £4.98m to refurbish and upgrade the Percival Whitley Centre at Calderdale College which enhances the teaching offer in advanced engineering/manufacturing, digital, creative media and health and social care
  - Provided £3.1m investment to complete Kirklees College’s National Process Manufacturing Training Centre
  - Development of local inclusive industrial strategy
  - Opening of the Wakefield Eastern Relief Road – the first project constructed as a result of the Transport Fund
  - Continued development of the A629 Phase 1a corridor project in Calderdale
  - Continued growth of the Elland Road Bus Park and Ride site and opening of another site at Temple Green in Leeds

- Opening of Low Moor Rail Station on the Caldervale Line in Bradford between Bradford Interchange and Halifax Rail Station
  - Made improvements to Huddersfield Station Park & Ride and delivered improved facilities at Mirfield Station
  - Over 1,500 businesses supported to offer apprenticeships so far this year
  - Over 1,200 new jobs committed to the region through engagement from the Trade and Investment Team to date this year
  - Provided support to 1190 businesses that want to grow in the region
  - Shaped new values and behaviours for the organisation that will guide how we work with our customers, our partners and each other from now on.
- 2.2 The business plan under development for 2018/19 builds on these successes and reflects the need to respond to the growing agenda in the region. Recent recruitment to the delivery and policy teams will help ensure further improvements to the speed and success of project delivery and ensure the resource is available to seek to secure funding to support the growing policy work required.
- 2.3 **Appendix 1** sets out a summary of the draft business plans for each of the Directorates, Delivery, Policy, Transport Services, Economic Services and Resources. These show the key objectives and resources for each team and it is proposed that these will form the core of the 2018/19 Corporate Plan. Key performance indicators (KPIs) will again be used to assist in monitoring progress on delivering these objectives. At its last meeting the Overview and Scrutiny Committee considered the current year KPIs and suggested that further KPIs for 2018/19 be considered that cover air quality, productivity, social value, jobs created in disadvantaged areas and transport accessibility improvements.
- 2.4 The business plan, budget and transport levy must be approved at the WYCA meeting of 1 February 2018. The budget for 2018/19 is being prepared in the context of a medium term financial strategy for the next three years which will enable effective planning for both WYCA and its funding partners. The difficult funding environment for local government is recognised and WYCA is considering a range of options to reduce expenditure, both to balance the budget in the first instance and also to enable a cut in the transport levy.
- 2.5 The transport levy is the largest source of revenue income for WYCA, provided on a per capita basis by each of the five West Yorkshire local authorities. 45% of the levy is used to fund the statutory English National Concessionary Travel Scheme (ENCTS), providing free bus travel to senior and disabled passengers. This increases the challenge to find significant cost reductions on the other budget heads.
- 2.6 As well as reviewing expenditure WYCA is considering if there are ways to increase its other funding streams. One of its other more significant income streams is the business rates income from the enterprise zones in the region, which comes to WYCA as accountable body for the LEP. Income from the Leeds EZ, earmarked initially to fund the trade and inward investment team, has been slower to build up than originally forecast, leaving WYCA/LEP with a shortfall over the last three years. This

income is now slowly increasing and forecast to build up to £6m pa by 2012. The EZ income is planned to provide core funding for WYCA/LEP or their activities contributing to economic growth. The second EZ covers a number of sites, most of which require investment to remediate or develop the site to enable full occupation. Work is underway to fund some of these works through Growth Deal funding.

- 2.7 Members will be aware of the short term nature of funding streams from Government that support the skills and business agenda, such as the business growth service, skills service and apprenticeship grants. Efforts are being made to seek other funding sources to continue these services. Whilst the Department for Business, Energy and Industrial Strategy (BEIS) announced last week that there would be a commitment to continuing funding for the business growth service the actual amount has yet to be confirmed.
- 2.8 The inherent inflation in both concessionary reimbursement and bus tendered services, along with pay and other contract inflation sees expenditure increasing even at a standstill in service provision. Taking into account the ambition and priorities of WYCA and its partners there is a continuing mismatch of income and expenditure over the next three years.
- 2.9 Whilst all areas of spend are being scrutinised there is a particular focus on how spending reductions can be achieved through the transformation of passenger transport provision. Options of how this could be achieved are being developed and will be further considered in conjunction with local authority officers to understand the specific transport need in each District. Any proposals developed will be subject to consultation and equality impact assessments. The initial thinking around this transformation are set out in paragraphs 2.11 onwards, with the target savings built into the draft three year financial strategy considered later in this item.
- 2.10 The three year proposal is based on an assumption of a levy cut of £1m in each of the next three years (£1m was cut from the levy in 2017/18). Targets to generate further income from WYCA buildings and infrastructure assets are being developed by exploiting the current commercial property market and by implementing invest to save schemes. A commercial asset strategy focussing on bus stations is under development.
- 2.11 At present 50% of the cost of WYCA's activity in providing travel information and supporting the sale of transport tickets and passes is funded by operators and MCard sales revenue. By increasing revenue from lower cost self-service, digital channels it is possible to reduce the net cost to local taxpayers by 2020/21 whilst modernising the service.
- 2.12 In order to make significant reductions in expenditure, and to better respond to the requirements of the travelling public there will be a need to change the way in which WYCA currently spends £19m procuring socially necessary bus services. A value for money approach has enabled year on year savings in this provision however more fundamental changes are needed to ensure a reduced spend is targeted towards the

Authority's and thereby the local authority's priorities. A plan has therefore been developed to reduce this cost to £15m by 2020/21 as follows:

- Currently 45% of this expenditure provides services to communities which would not otherwise have any public transport link, of which 10% is spent on AccessBus. It is proposed to focus this expenditure on supporting inclusive growth - those deprived communities currently isolated from the public transport network, by adopting customer focussed, innovative and lower cost ways of supporting their mobility. The AccessBus service will become more integrated with other forms of accessible transport provided by the social care, health and third sectors. By 2020/21 65% of the reduced budget will be spent on supporting mobility.
- 30% of the expenditure currently provides early morning, evening and weekend journeys on bus services to communities which currently enjoy a commercially funded bus service at peak times and during weekdays. Negotiations will be held with bus operators seeking alternative ways of supporting evening and Sunday services and taxi based solutions will be deployed where appropriate. By 2020/21 25% will be spent on this form of provision.
- Further economies will be made to reduce spend on providing school buses in line with the reduced budget working closely with District Council Children's Services teams.

2.13 **Appendix 2** sets out the draft three year revenue budget. The closing position for 2017/18 is in line with the original budget agreed and will utilise general reserves of £3.5m, leaving opening general reserves at £3.6m at 1 April 2018. This represents a minimum level of general reserves that are required to be retained over the period.

2.14 The savings available from transforming the current service offer to the model described above are reflected in Appendix 2. There is an element of lead time to move to this model with the savings starting slowly and increasing by the end of the period. This leaves a potential funding gap of £0.897m by 2020/21. It is proposed to close this gap by undertaking a number of actions, to include:

- specific savings targets and income targets for each directorate;
- a review of capitalisation policy (including consideration of whether any changes to this could be backdated to apply to previous years);
- a review of Enterprise Zone income and any actions that could accelerate this income;
- a review of treasury management arrangements and any opportunities to address borrowing costs and Minimum Revenue Provision (MRP) as part of debt management.

2.15 Work has started on this and the detail will be provided as part of the full budget paper to the 1 February meeting. In order to ease the transition to the reduced spending position it is proposed that a small proportion of the levy set aside to fund

the local contribution to the West Yorkshire plus Transport Fund is utilised to close the funding gap in 2018/19 and 2019/20. This is only possible in the short term as expenditure on the Fund has been slower than anticipated to reach the levels that require us to undertake borrowing, although this should change by 2021. Members will recall that the City Deal that secured a £1bn Transport Fund provided government funding of £750m with West Yorkshire and York providing the balance. This was agreed to be through supported borrowing.

- 2.16 A detailed three year capital funding and expenditure programme will be presented alongside the revenue budget in February. At this stage **Appendix 3** sets out the forecast for this and the next two years. Forecast spend levels are being further scrutinised to ensure they reflect the most robust estimates from delivery partners and to ensure that they achieve best use of the funding available. The most significant funding stream is Growth Deal, after which there are a number of transport funding streams including Local Transport Plan Integrated Transport Block, Leeds Public Transport Investment Programme and NPIF. A number of funding streams are passported straight through to the local authorities on a pre-determined basis, such as highways maintenance and pothole action fund.
- 2.17 Capital funding is used to meet the direct delivery costs of projects approved through the assurance framework, which includes WYCA and partner authorities project managers/assistants and other directly attributable costs. It has also been previously agreed that there will be a capital recovery of the costs of the Portfolio Management Office that manage the assurance frameworks and project management and reporting and the feasibility and assurance team. A level of capital recovery has also been built into the revenue budgets to reflect the support given to the Delivery Directorate by the resources, policy, research and communications teams. This has initially been set at £1.5m for 2018/19 and is being reviewed to ensure it is representative and proportionate given the relative size of the capital programme and revenue budgets.

### **3 Financial Implications**

- 3.1 As set out in the report.

### **4 Legal Implications**

- 4.1 None arising directly from the report. Consultation and Equality Impact Assessments will be required as policy change proposals are progressed.

### **5 Staffing Implications**

- 5.1 None arising directly from the report.

### **6 External Consultees**

- 6.1 None.

## **7 Recommendations**

- 7.1 That WYCA note the work underway on the medium term financial strategy, and business planning and budget for 2018/19.

## **8 Background Documents**

- 8.1 None.

WYCA Summary - 2017/18 to 2018/19 (and 2019/20 - 2020/21)

	2017/18	2018/19					2019/20	2020/21
	Forecast	Salary & Pay Related	Salary Recovery	Other Expenditure	Other Income	Total	Total	
	Total £	£	£	£	£	£	Total £	
<b>Transport Services</b>								
Subsidised Services	19,181,000	0	0	27,397,250	(8,710,000)	18,687,250	17,345,421	15,858,857
Bus Station & Services	4,917,328	3,649,676	0	6,349,153	(5,654,284)	4,344,546	4,417,539	4,491,993
Concessions + Integrated Ticketing	55,755,478	0	0	56,270,200	0	56,270,200	57,676,955	59,118,879
Prepaid Tickets Income	0	0	0	31,500,000	(31,500,000)	0	0	0
Passenger Information	1,303,055	1,478,349	0	323,024	(617,993)	1,183,380	1,212,947	1,243,105
Travel Centres	498,516	568,798	0	40,340	(80,000)	529,138	540,514	552,117
Telematics	810,118	200,382	0	833,050	(226,000)	807,432	811,440	815,527
<b>Transport Services</b>	<b>82,465,495</b>	<b>5,897,205</b>	<b>0</b>	<b>122,713,017</b>	<b>(46,788,277)</b>	<b>81,821,945</b>	<b>82,004,816</b>	<b>82,080,478</b>
Delivery	(145,262)	3,401,966	(3,716,346)	86,200	0	(228,180)	(234,468)	(240,881)
Economic Services	1,356,314	2,832,465	(617,510)	5,798,573	(6,724,677)	1,288,852	1,333,151	1,378,336
Policy, Strategy & Communications	4,210,592	5,109,201	(272,596)	936,771	(188,000)	5,585,376	5,682,108	5,780,775
Resources	5,219,319	3,117,038	0	2,058,338	0	5,175,376	5,237,717	5,301,304
Corporate	7,292,512	630,952	(800,000)	9,118,287	(2,379,520)	6,569,719	6,453,155	6,880,810
<b>Other Directorates</b>	<b>17,933,475</b>	<b>15,091,622</b>	<b>(5,406,452)</b>	<b>17,998,169</b>	<b>(9,292,197)</b>	<b>18,391,143</b>	<b>18,471,663</b>	<b>19,100,344</b>
Capitalisation	(1,000,000)	0	(1,500,000)	0	0	(1,500,000)	(1,530,000)	(1,560,600)
Enterprise Zone Receipts	(712,000)	0	0	0	(1,968,000)	(1,968,000)	(3,804,000)	(6,525,000)
Transport Levy	(95,198,000)	0	0	0	(94,198,000)	(94,198,000)	(93,198,000)	(92,198,000)
<b>Other</b>	<b>(96,910,000)</b>	<b>20,988,827</b>	<b>(6,906,452)</b>	<b>140,711,186</b>	<b>(152,246,473)</b>	<b>(97,666,000)</b>	<b>(98,532,000)</b>	<b>(100,283,600)</b>
<b>Further Resources Required</b>	<b>3,488,971</b>					<b>2,547,088</b>	<b>1,944,479</b>	<b>897,222</b>
Savings, income, other targeted actions	0					(1,000,000)	(1,000,000)	(897,222)
Transfer from Reserves	(3,488,971)					(1,547,088)	(944,479)	0
<b>Balanced Budget</b>	<b>0</b>					<b>0</b>	<b>0</b>	<b>0</b>

	Balance at 31/3/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	Balance at 31/3/21 £
<b>Available Reserves</b>						
General Reserve	(7,102,000)	3,488,971	0	0	0	(3,613,029)
Transport Fund Reserve	(7,751,000)		1,547,088	944,479	0	(5,259,434)
<b>Total</b>	<b>(14,853,000)</b>	<b>3,488,971</b>	<b>1,547,088</b>	<b>944,479</b>	<b>0</b>	<b>(8,872,463)</b>

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# Agenda Item 10

Appendix 3

## Capital Budget

CAPITAL FUNDING	2017/18 £000
Local Growth Fund	72,228
Local Growth Fund C/Fwd	73,160
Leeds Public Transport Investment Programme	21,000
Local Transport Plan Integrated Transport	13,104
Local Transport Plan Integrated Transport C/Fwd	780
Highways Maintenance Block	25,971
Highways Maintenance Incentive Funding	2,432
Pothole Action Fund	2,230
National Productivity Investment fund	6,925
DfT Cycle City Ambition Fund	14,641
West Yorkshire Cycling and Walking Fund	1,500
Ultra Low Emission Vehicles	495
European Regional Development Fund	2,968
Broadband UK	2,968
Growing Places Fund	3,740
Capital Receipts	600
Carry forward from prior year	
WY+TF Borrowing	0
<b>TOTAL</b>	<b>244,742</b>

2018/19 £000	2019/20 £000	TOTAL £000
74,349	73,510	220,087
0	0	73,160
48,700	49,100	118,800
13,104	13,104	39,312
0	0	780
23,507	23,507	72,985
4,896	4,896	12,224
		2,230
		6,925
0	0	14,641
		1,500
495	990	1,980
1,823		4,791
1,823		4,791
4,426	4,929	13,095
		600
54,013	7,031	
	32,208	32,208
<b>227,136</b>	<b>209,275</b>	<b>620,109</b>

CAPITAL EXPENDITURE	2017/18 £000
Growth Deal	100,150
Leeds Public Transport Investment Programme	21,000
Local Transport Plan Integrated Transport	13,100
Ultra Low Emissions Vehicles	180
Highways Maintenance Block	25,970
Highways Maintenance Incentive Funding	2,432
Pothole Action Fund	2,230
National Productivity Incentive Fund	6,925
DfT Cycle City Ambition Fund	10,547
West Yorkshire Cycling and Walking Fund	1,019
WY Broadband Programme	5,936
Growing Places Fund	800
WYCA internal projects	440
<b>TOTAL</b>	<b>190,729</b>

2018/19 £000	2019/20 £000	TOTAL £000
112,000	114,140	326,290
48,700	49,100	118,800
13,104	13,104	39,308
1,027	1,028	2,235
23,507	23,507	72,984
4,896	4,896	12,224
0	0	2,230
0	0	6,925
4,094	0	14,641
481	0	1,500
3,646	0	9,582
4,550	2,000	7,350
4,100	1,500	6,040
<b>220,105</b>	<b>209,275</b>	<b>620,109</b>

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**Director and author:** Melanie Corcoran,  
Director of Delivery,  
Rachel Jones, Programme Development  
Manager



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**Report to:** Governance and Audit Committee

**Date:** 25 January 2018

**Subject:** Leeds City Region Assurance Framework Annual Review

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## **1 Purpose**

- 1.1 To provide the Governance and Audit Committee with an update on progress relating to changes proposed to the Leeds City Region Assurance Framework arising from its annual review, and with the recently issued review of Local Enterprise Partnership Governance & Transparency (October 2017).
- 1.2 To ask the Governance and Audit Committee to provide feedback on the updated draft assurance framework, and to note the reasons why the review is being undertaken.

## **2 Information**

### Background

- 2.1 The LEP has secured Growth Deal funding and WYCA is the accountable body for the LEP. Therefore, it is essential that there are robust, transparent and accountable processes in place to ensure value for money for the public purse.
- 2.2 As part of the Growth Deal with Government, a local Assurance Framework was developed in 2015 that covers all funding flowing through the LEP. WYCA, as the accountable body for the LEP, is also covered by this framework, which is updated on an annual basis.
- 2.3 Our previous Local Assurance Framework was approved by the LEP Board in January 2017 and by WYCA as the accountable body in February 2017. It is the key mechanism to ensure that there are robust processes in place to support the developing confidence in delegating central budgets and programmes to the LEP and WYCA. It covers all significant discretionary projects and programmes funded from Government or local sources that flow through the LEP and WYCA, and has been prepared in accordance with HM Government National Assurance Framework guidance (2014) (see below), and builds on a body of existing good practice.
- 2.4 The Assurance Framework must be published on each Local Enterprise Partnership's website, and reviewed annually. A revision to the 2014 "Local Enterprise Partnership National Assurance Framework" Guidance was published by DCLG in October 2016.

This brought in a set of new requirements, which were incorporated into the review in 2017 and updated as part of this ongoing review.

### Current Progress

- 2.5 The recent 'Review of Local Enterprise Partnership Governance & Transparency' has made a number of recommendations to be addressed by the National Assurance Framework. Many of these have already been addressed in Leeds City Region, and are therefore included in our Local Assurance Framework review, for example:
- Requirement for all LEP's to have a code of conduct, which all board members and staff sign up to, which explicitly require the Nolan Principles of public life to be adopted; and
  - Local Assurance Frameworks should set out that ALL decisions must be subject to the normal business case, evaluation and scrutiny arrangements; there must be a written report with the opportunity for the Section 73/Section 151 Officer to provide comments, that the conflicts of interest policy will apply to decision-makers regardless of whether there is a formal meeting, and that decisions should be recorded and published in the normal way, regardless of how they are taken.
- 2.6 Other recommendations in the report include publishing a brief formal assurance statement on an annual basis from the LEP Chair and WYCA's MD, on the status of governance and transparency within their organisation. This recommendation was adopted with immediate effect. Government required this statement to be submitted in advance of the annual conversation with CLoG.
- 2.7 DCLG anticipate issuing a revised National Assurance Framework and guidance in April 2018, to reflect all the review recommendations, and also incorporate recommendations following a wider Ministerial review into strengthening the role of LEPs. It is intended that our Assurance Framework will then be subject to a further update following this. A full copy of the review and recommendations is available on the DCLG website.
- 2.8 The LEP Board recently approved changes to the LCR LEP's governance arrangements, which are also reflected in the updated draft Local Assurance Framework. The Framework also incorporates the changes to LCR and WYCA governance arrangements made last year, which integrated LEP Panels as advisory committees into WYCA decision-making structure.
- 2.9 Section 151/Section 73 Officers are required to write to HM Government by 28 February 2018 ahead of the 2018/19 Local Growth Fund payment to certify that our Local Assurance Framework is compliant with the national framework.
- 2.10 A revised version of the document has been developed, to take account of changes to the WYCA Assurance Process and recent review of LEP Governance & Transparency. The scope of the revised Assurance Framework is as follows:

- updated detail on the LEP's governance and decision-making arrangements and processes for accountable and transparent decision-making to ensure the proper use and administration of funding;
- information on how the LEP will prioritise and appraise schemes, facilitate business case development and undertake risk management; and
- a description of the arrangements for supporting the effective development, appraisal and delivery and implementation of projects and programmes, including relationships with delivery bodies.

2.11 The principles and direction of the revised Assurance Framework have been shared and discussed with Overview & Scrutiny Committee and the LEP Board. The revised document will be discussed with WYCA in February 2018. Overview & Scrutiny Committee, through the SEP Delivery Working Group, have offered a level of challenge as 'critical friends' to the approach taken and have indicated that they are content with the current direction of travel. Further scrutiny sessions will focus on ensuring that the document remains 'live' and is fit-for-purpose.

2.12 The current working version of the Assurance Framework, is attached as **Appendix 1** to this report. Draft versions of the Assurance Framework have been, or will be considered by the Overview and Scrutiny Committee, LEP Board, and WYCA. A verbal update will be provided as necessary. At its meeting of 16 January the LEP Board considered the changes made and was supportive of them. Approval of any further changes required as a result of consideration by other Committees was delegated to the LEP Chair.

### Next Steps

2.13 It is the responsibility of the Director of Resources, as WYCA's Section 73 Officer (the Chief Finance Officer) to write to HMG ahead of the 2018 Local Growth Fund payments to certify that the Assurance Framework has been agreed, is being implemented, and meets the standards set out in the National Framework and recent review of LEP Governance & Transparency.

2.14 In line with the continuous improvements to our processes over the coming year, it is envisaged that further changes will need to be made to the Assurance Framework. These will also incorporate changes to reflect any future updates to guidance, and feedback from the 'Annual Conversation' with Government.

2.15 Subject to further changes being required, an update to the Assurance Framework will be brought to the LEP Board and WYCA on an annual basis.

2.16 Where substantive changes are required, either as a result of revised guidance or updated governance requirements, further approval will be sought from WYCA.

### **3 Financial Implications**

3.1 There are no financial implications arising from this report.

### **4 Legal Implications**

4.1 The requirements set out in the National Framework will be a condition of funding in Growth Deal grant offer letters – the formal means by which the annual Growth Deal allocation is made to each LEP.

### **5 Staffing Implications**

5.1 There are no staffing implications arising from this report.

### **6 External Consultees**

6.1 None.

### **7 Recommendations**

7.1 Governance and Audit Committee is asked to:

- (i) Note that the Leeds City Region Assurance Framework is being revised for the reasons set out in this report.
- (ii) Provide feedback on the updated draft Leeds City Region Assurance Framework.

### **8 Background Documents**

8.1 None.



## **ASSURANCE FRAMEWORK**

Version: 1.4

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## Executive Summary

This Assurance Framework covers capital and significant revenue expenditure funded by Government or local sources, and invested by WYCA in projects and programmes, including all Government funding received by the Leeds City Region (LCR) LEP, via WYCA as the LCR LEP's accountable body.

The purpose of this Assurance Framework is to ensure that the necessary systems and processes are in place to manage funding effectively, and to ensure the successful delivery of SEP outcomes. Its focus is to ensure that necessary practices and standards are implemented to provide WYCA, Government and local partners with sufficient assurance that decisions over funding (and the means by they these decisions are implemented) are proper, transparent and deliver value for money.

The document is set out as follows:

- background, scope and purpose of the Assurance Framework, strategic priorities and WYCA's role as accountable body for the LCR LEP (**Section 1**);
- governance and key decision-making, including how transparency and accountable decision making is promoted and delivered (**Section 2**);
- processes used to prioritise (**Section 3**);
- the Assurance Process around project and programme delivery, including our approach to ensuring value for money (**Section 4**); and
- approach to monitoring and evaluation (**Section 5**).

The review of the Assurance Framework in 2017 incorporated a new set of requirements, and a number of substantial changes as a result of a revision to the 2014 'Local Enterprise Partnership National Assurance Framework' guidance, which was published in October 2016. This review of the Assurance Framework for 2018 contains a number of comparatively minimal changes, which are summarised as follows in the table below:

<b>Section 1 – Introduction (page 6 onwards)</b>
<ul style="list-style-type: none"><li>• Inclusion of maps of Leeds City Region and West Yorkshire Combined Authority geographies (page 6); and</li><li>• Text on inclusive growth and the Inclusive Industrial Strategy added (page 10).</li></ul>
<b>Section 2 – Governance and Decision-Making Arrangements (page 14 onwards)</b>
<ul style="list-style-type: none"><li>• Changes to LEP panels becoming advisory committees to WYCA from 1 September 2017 updated (page 13);</li><li>• Proposed changes to LEP constitutional arrangements included – to be agreed in January 2018 (pages 20 &amp; 21, and Appendix 1 of the Assurance framework).</li></ul>
<b>Section 3 – Approach to Prioritisation (page 24 onwards)</b>
<ul style="list-style-type: none"><li>• Inclusion of a flow diagram to demonstrate guiding principles for the identification of schemes (page 24);</li></ul>
<b>Section 4 – Assurance Around Programme &amp; Project Delivery (page 27 onwards)</b>
<ul style="list-style-type: none"><li>• Revised Assurance Process included – seven activities and seven decision points, instead of the original eight. It has been updated to reflect that benefits realisation will commence during scheme delivery and will continue through scheme completion and beyond, rather than a separate activity at the end of the process (reference throughout the chapter);</li><li>• New flow diagram showing how a scheme promoter progresses through the Assurance Process (page 29);</li><li>• Approval Pathway streamlined – decision point five no longer a key decision point (pages 27 &amp; 39);</li><li>• Case Officer role – updated text to reflect re-scoping and development of the role over the past year (reference throughout the chapter); and</li><li>• More detailed narrative on approval pathways (page 38 &amp; 39).</li></ul>

<b>Section 5 – Monitoring and Benefits Realisation (page 42 onwards)</b>
<ul style="list-style-type: none"> <li>• Monitoring &amp; Evaluation now more focussed on Benefits Realisation (page 43);</li> <li>• Information on Stage 3 of the Assurance Process (pages 42 &amp; 43);</li> <li>• Further information on risk management – both corporate and project level (page 44).</li> </ul>
<b>Appendices of the Assurance Framework</b>
<ul style="list-style-type: none"> <li>• Appendix 1 – updated to include both WYCA and LEP roles;</li> <li>• Appendix 2 – minor text changes to Assurance Process principle for ESIF SUD purposes; and</li> <li>• Appendix 3 – new Terms of reference for the PAT.</li> </ul>
<b>Glossary</b>
<ul style="list-style-type: none"> <li>• Updated to include new terms, and provide a short description of each item.</li> </ul>

A number of further minor amendments have also been made.

The recent ‘Review of Local Enterprise Partnership Governance & Transparency’ in October 2017 has made a number of recommendations to be addressed by the National Assurance Framework. Many of these recommendations are already in place or have been addressed within our processes and are included in this updated Assurance Framework. Further changes to our processes and Assurance Framework may be made once a revised National Assurance Framework and updated guidance has been issued by Government.

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# 1. INTRODUCTION

## 1.1 Background

The Leeds City Region (LCR) spans 10 local authority areas: Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York. Leeds City Region local authorities- the above 10 areas plus North Yorkshire County Council- have been at the forefront of partnership working since 2004, building robust, transparent and accountable governance for over a decade. The LCR brings together the private and public sectors from across the City Region to provide strategic leadership in driving economic growth and competitiveness.



The LCR is strongly committed to putting in place stable, accountable and transparent decision making. Critical to this is a strong private sector-led Leeds City Region Local Enterprise Partnership (LEP) underpinned by the West Yorkshire Combined Authority (WYCA). As part of the City Deal, local partners agreed to the creation of a West Yorkshire Combined Authority (WYCA).

The West Yorkshire Combined Authority (WYCA) is a local authority that was established on 1<sup>st</sup> April 2014 to work alongside the LCR LEP in relation to devolved local growth funding and responsibilities. It is also responsible for transport functions across West Yorkshire. The area of WYCA is that of its five constituent Councils, the West Yorkshire authorities of Bradford, Calderdale, Kirklees, Leeds and Wakefield.<sup>1</sup>



<sup>1</sup> By the West Yorkshire Combined Authority Order 2014

WYCA is the Accountable Body with regards to the LCR Growth Deal funding (further details listed in section 1.5), whilst the LEP is responsible for setting strategic direction and will hold partners to account in the delivery of our Strategic Economic Plan (SEP) (further details listed in section 1.4).

## 1.2 Scope of the Assurance Framework

This Assurance Framework covers capital and significant revenue expenditure funded by Government or local sources, and invested by WYCA in projects and programmes, including all Government funding received by the LCR LEP, via WYCA as the LCR LEP's accountable body.

It therefore covers the funding received by WYCA as accountable body in respect of the Local Growth Fund<sup>2</sup>, the Integrated Transport Block and a number of other funding streams.

The rest of this Assurance Framework sets out arrangements adopted by the LCR in relation to:

- governance and key decision-making, including how transparency and accountable decision making is promoted and delivered (**Section 2**);
- processes used to prioritise (**Section 3**);
- the Assurance Process around project and programme delivery, including our approach to ensuring value for money (**Section 4**); and
- approach to monitoring and evaluation (**Section 5**).

For transparency, the Assurance Framework is published on the LCR LEP and WYCA websites, together with supporting information.

## 1.3 Purpose of the Assurance Framework

LEPs in receipt of a 'Local Growth Fund' as part of their devolution Growth Deal agreement with Government are required to have an Assurance Framework that explains how they:

- appraise projects and allocate funding;
- demonstrate appropriate levels of transparency in the way they operate; and
- monitor and evaluate projects to ensure that they achieve value for money and projected outcomes.

This document details how the LCR LEP and WYCA comply with this requirement and it also covers expenditure on funds that are not received under the Local Growth Fund.

The Assurance Framework is one element of the Government's wider assurance systems. The Accountability System Statements for both Local Government and the Local Growth Fund (LGF) set out other key mechanisms in relation to LCR funding which include:

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<sup>2</sup> Note the following variations:

- EU regulations mean that government departments have key decision-making authority as 'managing authorities' of the European Structural and Investment Funds (ESIF), and the key local input into appraisal is via assessment of strategic fit and value for money;
- The Transport Fund is subject of periodic independent appraisal as part of an agreement to enable the WYCA to draw down the entire £600m announced in the Growth Deal in July 2014. Eligible Local Authorities which form the fund are Bradford, Calderdale, Kirklees, Leeds, Wakefield and York; and
- Well-established, highly-regarded (by applicants and government alike) and effective governance procedures for existing programmes under LEP control such as the Business Growth Programme and Growing Places Fund. The principles of the Assurance Process will continue to be applied in appraising companies' applications for these funds, but we intend to retain the existing governance procedures, subject to regular review and evaluation of their effectiveness.

- regular reporting to the government against agreed output metrics;
- an evaluation framework; and
- annual performance conversations between the government and city regions.

The purpose of this Assurance Framework is to ensure that the necessary systems and processes are in place to manage funding effectively, and to ensure the successful delivery of SEP outcomes. Its focus is to ensure that necessary practices and standards are implemented to provide WYCA, Government and local partners with sufficient assurance that decisions over funding (and the means by they these decisions are implemented) are proper, transparent and deliver value for money. The Framework complies with the standards set out in the National Assurance Framework issued by Government in November 2016.

The Assurance Framework is a key mechanism to ensure that we have robust systems and processes in place to support the developing confidence in delegating funding from Government to the LCR.

We view the Assurance Framework as an essential part of good practice and of our development as a mature partnership that can increasingly be trusted by the public and by government to take its own investment decisions. The degree of flexibility in the LCR Growth Deal demonstrates that the LCR is one of those most trusted by Government, and we intend that this Framework keeps us at the leading edge in our approach to governance and appraisal.

LCR is committed to achieving diversity and equality of opportunity both as a partnership and as a commissioner of services. The LCR LEP promotes equality of opportunity and does all it can to ensure that no member of the public, service user, contractor or staff member working within a partner organisation will be unlawfully discriminated against. Our Diversity Policy and Statement can be found [here](#).

#### 1.4 Strategic Framework for Investment

Government allocated the competitive element of Growth Deal funding to LEPs on the strength of multi-year Strategic Economic Plans (SEPs) submitted by LEPs to Government.

The SEP for the Leeds City Region provides the basis for investment decisions alongside the delivery of statutory requirements, conditions of funding and other local transport objectives.

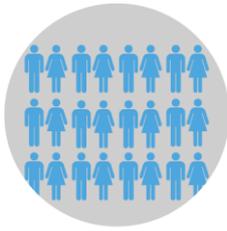
The SEP for the Leeds City Region, now revised to cover the period 2016-2036, sets out the LCR LEP's vision and key economic funding priorities for the LCR. The LCR LEP is responsible for developing and maintaining the SEP, and deciding the key funding priorities. The LCR LEP is also responsible for ensuring there is adequate capacity and expertise to deliver the key priorities.

WYCA has endorsed the SEP as its own economic strategy. The SEP underpins the decision-making of both the LEP and WYCA, so in this respect they work seamlessly.

The LCR LEP Vision is: **“to be a globally recognised economy where good growth delivers high levels of prosperity, jobs and quality of life for everyone”**.

Our ambition:

The SEP's ambition is to deliver 36,000 extra jobs and £3.7 billion of economic output by 2036, on top of the business as usual growth that is expected over that period.



**35,700**  
ADDITIONAL NET JOBS  
CREATED BY 2036



**£3.7 BILLION**  
ADDITIONAL ANNUAL  
ECONOMIC OUTPUT BY 2036



A NEAR  
**£100 BILLION**  
CITY REGION ECONOMY BY 2036

**Our priorities are:**

**PRIORITY 1**  
GROWING  
BUSINESS

**PRIORITY 2**  
SKILLED PEOPLE,  
BETTER JOBS

**PRIORITY 3**  
CLEAN ENERGY AND  
ENVIRONMENTAL  
RESILIENCE

**PRIORITY 4**  
INFRASTRUCTURE  
FOR GROWTH

A number of the challenges identified in our 2014 SEP remain, notably the imperatives to raise exports, innovation, productivity and skills, and the need to underpin growth with better physical and digital infrastructure.

What was less well recognised at the time our first SEP was completed, was the scale of the challenge to ensure that the opportunities and benefits of economic recovery are spread across all communities. We will tackle this by applying the principle of **good growth** to all that we do, in order to provide better jobs, good quality homes for all and a great environment for all our residents.



The €396m Leeds City Region European Structural and Investment Funds (ESIF) Strategy for 2014-20 is also aligned with the SEP.

The SEP is currently undergoing a refresh, primarily to reflect the needs and requirements of inclusive growth, as well as good growth. Committing to a programme of inclusive growth across the Leeds City Region will create better, more secure jobs that provide people with a real pathway to an improved quality of life. The new Local Inclusive Industrial Strategy for Leeds City Region will be an agile, long term framework aimed at driving growth, boosting productivity and earning power for a post 2030 economy.

### 1.5 WYCA's role as an accountable body

WYCA and the LCR LEP must comply with the conditions or requirements attached to any funding received from Government.

WYCA is responsible to Government for complying with any conditions or requirements attached to funding directly allocated to WYCA, to be used to carry out its functions across West Yorkshire.

Following the Growth Deal agreed by the LCR LEP and Government, LCR LEP has a decision-making role in relation to Local Growth Fund grant payments made by Government in respect of the Leeds City Region. However, the LCR LEP is an unincorporated voluntary partnership, and as such cannot be held legally accountable for complying with grant conditions or requirements. Therefore, WYCA, (which is a corporate body), acts as the accountable body for funding allocated to the LCR LEP for LCR.

In practice, this means that LCR LEP funding is held and spent by WYCA on behalf of the LEP. In short, WYCA is the vehicle through which the SEP is implemented, as well as being the statutory, publicly accountable, decision-making body.

As accountable body, WYCA must ensure:

- all funding is used in accordance with grant requirements and conditions;
- that funding is not used ahead of approvals, or for unapproved purposes;
- the Assurance Framework is adhered to (withholding funds if the Assurance Framework is not adhered to or places undue financial risk on WYCA);
- all applicable legal requirements are complied with (including relating to State Aid, public procurement) and ensuring records are maintained so that this can be evidenced;
- local audit arrangements for funding allocated by the LCR LEP are at least equivalent to those in place for WYCA spend;
- it fulfils its Public Sector Equality Duty, when apportioning Local Growth Funding;
- principles preventing public expenditure being incurred in retaining the services of lobbyists are adhered to;
- the release of funds to scheme promoters is in line with approvals;
- that it prepares appropriate Financial Statements as required; and
- that it maintains the official record of LCR proceedings and holds all documents relating to the LGF and other funding sources.

WYCA is responsible for LCR decisions to approve expenditure, including the final approval of projects. WYCA may only approve decisions where it is satisfied that a decision complies with all relevant requirements including those set out in this Assurance Framework. In the event that WYCA as accountable body is not able to endorse a decision of the LCR LEP, the matter would be referred back to the LCR LEP for re-consideration.

All investment decisions by WYCA and the LEP will be made by reference to:

- the SEP (and Local Inclusive Industrial Strategy);
- statutory requirements;
- any grant conditions attached to funding; and

- local transport objectives.

A summary of decision making responsibility is given in Table 1.1.

**Table 1.1: Overview of Decision-Making Responsibility**

Function	Role of WYCA MD / WYCA Statutory Officers	Role of WYCA <sup>3</sup>	Role of the LEP
<b>Setting LCR -level economic strategies e.g. SEP</b>	Officer support / provision of advice	Endorsement	Strategic Leadership / Private Sector input
<b>Strategic transport decisions including transport strategies</b>	Officer support / provision of advice	Decision-making body	Receive items for information / comment
<b>Operational transport decisions</b>	Officer support / provision of advice	Decision-making body	Receive items for information / comment
<b>Skills e.g. Skills Capital</b>	Officer support / provision of advice	Decision-making body	Strategic Leadership
<b>Integrated Infrastructure strategy</b>	Officer support / provision of advice	Decision-making body	Strategic Leadership
<b>Enterprise Zone Activities</b>	Officer support / provision of advice	Decision-making body	Strategic Leadership
<b>Growth Service (Business support / inward investment)</b>	Officer support / provision of advice	Decision-making body	Strategic Leadership
<b>European Structural and Investment Funds (ESIF) - SUD</b>	Officer support / provision of advice	Decision-making body	Strategic Leadership

## 1.6 How Growth Priorities are supported by Collaboration and Joint Delivery

WYCA works collaboratively with a range of partners. Some examples of this are provided below.

The LEP delivery of **Skills Capital** allows for greater coherence and understanding in the way that Further Education providers across LCR are aligning curriculum offers to reflect the skills requirements set out in the LCR SEP and Skills Strategy. The Employment & Skills Panel review conditions for the grant programme to address gaps in skills provision and to hold an overview of future revenue allocations. Collaboration with partners supports the understanding of employment opportunities in the region to maximise GVA. It encourages improved collaboration between colleges and employers so that new curriculum is more aligned to employer needs.

**LEP Growth Service** is a ‘hub and spoke’ collaboration with Local Authorities, universities and private sector business support organisations.

<sup>3</sup> Where WYCA is the decision-making body, this includes its role as accountable body. Some decisions may be delegated by WYCA to committees or officers

The WYCA **Transport Strategy and policy teams** working closely with District partners, Network Rail and Highways England, operate and run a strategic Land-Use Transport Interaction (LUTI) model which can forecast evidence to support the impacts on investment priorities on employment, housing and GVA. These models are also used to test investment projects and programmes to help sift into priorities and inform their strategic businesses cases. They are particularly helpful in understanding cross-boundary implications of investment and transport policies.

The **Growth Funded Housing and Regeneration Programme** is developed jointly with public sector partners. Proposals are put forward by either Local Authorities or organisations working closely with WYCA's strategic partners. These proposals are developed into business cases through close collaboration with WYCA and in some cases joint due diligence with other agencies. In many instances projects may have multiple funding streams, with some of these coming from the public sector. When this occurs, a joint approach towards delivery is developed whenever possible. The Land and Assets Panel (including representatives from Local Authorities, private sector representatives, the Homes and Communities Agency and the National Housing Federation) brings together organisations with a common interest in delivering infrastructure, homes and jobs and makes recommendations to ensure a strategic approach to the delivery of these outputs, especially where this involves the use of public sector assets.

## 1.7 Links between the LCR LEP and WYCA

There are a number of strong linkages between the LCR LEP and WYCA, notably:

- the SEP forms the basis of the work of both the LCR LEP and WYCA;
- WY council leaders are members of both WYCA and LEP Boards;
- the LEP Chair is a member of WYCA; and
- the Assurance Framework is adopted by both the LCR LEP and WYCA.

## 1.8 Reviewing, approving and publishing the Assurance Framework

It is important that we learn from experience, so the LCR LEP and WYCA review the Assurance Framework annually to ensure that it meets:

- the needs of local investors, all our partners and the wider public; and
- the standards set out in the National Assurance Framework.

For 2017/18 the review included input from WYCA's Overview and Scrutiny Committee.

The Assurance Framework was reviewed by the LEP Board on 16 January 2018 and by WYCA on 1 February 2018.

The Assurance Framework is a 'live' document, and it is envisaged that the document will be subject to further revision and update to ensure that it remains fit for purpose. For transparency, the Assurance Framework is published on the LCR LEP and WYCA websites, together with supporting information.

***The Assurance Framework is reviewed annually and signed off by the LEP Board, WYCA and the S73 Chief Finance Officer<sup>4</sup>, and a letter will be sent to DCLG from the S73 Officer confirming compliance to the Framework by 28th February every year.***

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<sup>4</sup> This is WYCA's Director of Resources

A compliance checklist sits alongside the Assurance Framework document, which is used as a tool to monitor ongoing compliance. A structured review of the document, in particular around ancillary information such as web links, has been updated and embedded as part of this plan.

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## 2. GOVERNANCE AND DECISION-MAKING ARRANGEMENTS

### 2.1 Introduction

The principal decision-making bodies for the Leeds City Region are the LCR LEP and WYCA.

The LCR LEP is responsible for setting strategic direction and will hold partners to account in the delivery of our Strategic Economic Plan (SEP).

WYCA is the accountable body for funding allocated to the LCR LEP. It is the vehicle through which the SEP is implemented, as well as being the statutory, publicly accountable, decision-making body.

This section focuses on how WYCA makes its investment decisions about projects and programmes, both in its capacity as accountable body for the LCR LEP and in its own right in relation to funding for which the LCR LEP is not responsible.

### 2.2 Overview

WYCA itself may make any investment decision at any of its formal meetings, and makes the key significant decisions in relation to any proposed investment (See Appendix 1 for further details). However, WYCA has also delegated its authority to make decisions in specified circumstances to the following:

**Table 2.1: WYCA's delegated authority**

<b>Transport Committee</b>	The committee has delegated authority to approve individual schemes within the Integrated Transport Block of the Capital Programme, up to a maximum cost of £3m. For schemes over £3m, approval is given by WYCA. The committee also oversees, and has strategic oversight of, public transport revenue expenditure funded by the West Yorkshire Transport Levy.
<b>WYCA's Managing Director</b>	The Managing Director's delegated authority is exercised to expedite and speed up the decision-making process, in accordance with the Assurance Framework and any bespoke pathway approved by WYCA, for example subject to the scheme staying within agreed tolerances.
<b>WYCA's Director of Delivery</b>	With the exception of any matter in respect of which a financial approval is required, the Managing Director has sub-delegated his authority to make any decision to progress a scheme in accordance with the Assurance Framework to the Director of Delivery.
<b>Executive Head of Economic Services</b>	Approves Business Grants of up to £100k, under the sub-delegation of the Managing Director. Approves inwards investment grants of £10-£50K, under delegation of the Managing Director. WYCA's Heads of Service are able to approve grant awards of under £25K for both Business Grants and Inward Investment Grants, under the same delegation.

There are a number of advisory committees and sub-committees to advise WYCA in respect of investment decisions. The principal committees relating to the investment process are as follows:

**Table 2.2: WYCA advisory committee's**

<b>West Yorkshire &amp; York</b>	Provides WYCA with advice in relation to economic development and transport-led regeneration, including proposed funding decisions, delivery arrangements, the Assurance Process of schemes, liaison with the Transport Committee to
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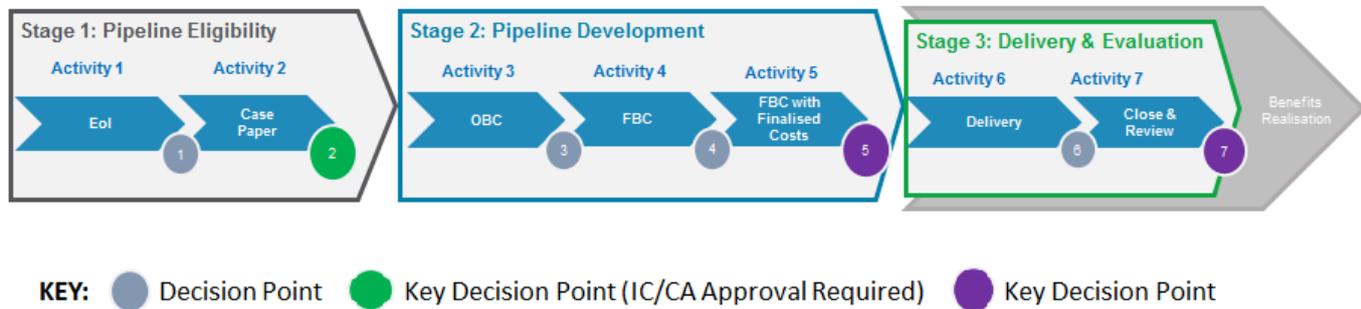
<b>Investment Committee</b>	promote the strategic alignment of regional transport funding, and advice to the WYCA about any other key issues that affect the discharge of these functions.
<b>Business Investment Panel</b>	A Sub-Committee of the Investment Committee, this panel has a key advisory role in the decision-making process, and constitutes a fundamental part of the assurance process for the appraisal of business grants and loans, in particular carrying out due diligence.
<b>LCR Partnership Committee</b>	Provides a forum to bring together representatives from all LCR Local Authorities, as not every LCR Local Authority is directly represented on the LCR LEP Board. Its purpose is to facilitate direct collective agreement with WYCA, the key local authority arrangement supporting the LEP, as its accountable body.
<b>Business Innovation and Growth Panel</b>	Made up of representatives from the private sector, universities, policy-makers and delivery partners, this ensures that our work is driven by the needs of business. It advises WYCA and the LCR LEP in relation to business growth, including business support, innovation, digital, trade, and inward investment.
<b>Employment and Skills Panel</b>	A panel that brings employers together with local authorities and skills providers. The panel advises WYCA and the LCR LEP in relation to projects to address skills gaps in the city region's key industry sectors, and create local leadership that drives improvements in skills and employment. Their work is driven by the needs of employers and the region's economy.
<b>Green Economy Panel</b>	This panel advises WYCA and the LCR LEP in relation to environmental sustainability and achieving a zero carbon economy in the LCR.
<b>Land and Assets Panel</b>	This panel advises the WYCA and the LCR LEP in relation to strategic land and asset management, housing growth, regeneration and place-making and any LCR enterprise zone.

These may also advise the Managing Director when he is making delegated investment decisions on behalf of WYCA. Delegated decisions by the Managing Director in relation to schemes progressing through the Assurance Process are taken following discussion by the Programme Appraisal Team (PAT) with a written report providing the appropriate level of information as to the Assurance Process outcomes, and recommendations that flow from that process and the Investment Committee. The Managing Director may also consult with WYCA's Leadership Team – the senior officers of WYCA.

The LEP Board brings together business and council leaders to oversee and make strategic decisions related to our Strategic Economic Plan. These Panels appointed as advisory committees to WYCA also report to the LEP Board. Please see Appendix 1 for further information.

Section 4.2 sets out in detail the Assurance Process Stages and Activities, as well as the Decision Points that take place at the end of each Activity.

Figure 2.1: Overview of the Assurance Process



Subject to agreed exceptions ( such as small grant programmes, e.g. business growth grants and loans where alternative arrangements are in place), **all schemes will require approval from WYCA at Decision Point 2**, in order to proceed to Stage 2: Pipeline Development.

WYCA will also set a bespoke approval pathway to be followed at all subsequent Decision Points in the Assurance Process for each scheme – see further information in section 4.3.7. In setting the bespoke approval pathway, WYCA will take into account recommendations from the Investment Committee, who will have considered in detail the size/scale/sensitivity/risks (i.e. the tolerances) around each specific scheme.

Possible options available to Investment Committee in making their recommendation include:

- a scheme must be considered and gain the approval of WYCA at each Decision Point during its development; or
- a scheme’s approvals at subsequent Decision Points may be delegated to the Managing Director, provided that the project remains within scheme tolerances set at Decision Point 2; or
- a scheme’s approvals may be delegated to the Managing Director up to an identified Decision Point, at which point, the scheme should be referred back to the Investment Committee and/or WYCA for review and then WYCA for approval.

WYCA must take any investment decision which hasn’t been delegated to either the Transport Committee or the Managing Director, including those decisions where a scheme has fallen outside of the tolerances identified by WYCA.

Before taking any funding decision, a decision-maker needs to be satisfied that the WYCA Assurance Framework has been complied with. WYCA’s Programme Appraisal Team (PAT) has a key role in ensuring compliance with the Assurance Framework - see further Section 4.3.5 below.

Where any investment decision is taken by the Managing Director under delegated authority, such decisions are usually taken in consultation with WYCA’s Leadership Team, who are provided with evidence through supplied reports (Requests for Decision).

The Managing Director also has delegated authority to approve the terms of any Funding Agreement in respect of a scheme, which has previously been approved by WYCA or under delegated authority under Decision Point 5 (Final Costs and Legal Agreement approval).

The Managing Director reports their delegated decisions to the Investment Committee.

### 2.2.1 Growth Hub, Business Grants and Economic Development Loans

There are currently specific arrangements in place in relation to business grants and economic development loans. In addition, arrangements relating to the principles for ESIF Sustainable Urban Development (SUD) purposes are set out in Appendix 2.

<b>Growth Hub</b>	<p>The Growth Hub for LCR is funded directly from Business, Energy and Industrial Strategy (BEIS) via a two-year deal for 2016-17- 2017-18 to the value of £1,025,000. The ‘hub and spoke’ delivery model was approved by the LEP Board in 2015. The funding is used to resource the activity of the central hub team, and to co-fund the SME Growth Managers who operate within the city region’s Local Authority districts. The Growth Managers’ salaries are matched on a 50/50 basis by the Local Authorities who also employ them.</p> <p>Detailed progress on the Growth Hub project is reported on a quarterly basis to the BIG Panel, and on a 6-weekly basis to the main LEP Board by the BIG Panel Chair. There is also a private sector lead person on the BIG Panel for the Growth Hub, who run their own small businesses. The BIG Panel is currently responsible for reviewing whether the project’s output and expenditure targets are met, and for identifying and addressing risks and opportunities.</p> <p>In addition, detailed six-monthly reports and quarterly financial claims are sent to BEIS.</p>		
<b>Business Grants</b>	<p>The process for approving and awarding Business Grants funded from the Local Growth Fund (LGF) and the European Regional Development Fund (ERDF) has recently been reviewed to ensure closer alignment to the WYCA Assurance Framework and value for money. The following arrangements will be implemented from April 2018 onwards.</p>		
	<b>Business Grants Programme</b>		
	<p>Grants of £10-£50K are appraised and administered by officers at Leeds City Council (LCC) on behalf of WYCA. LCC make recommendations to WYCA on the appraised applications, with WYCE then making the final decisions on awards. All payments and legal agreements are administered by WYCA.</p>	<p>Grants of £50-100K are appraised and administered by WYCA. They are then considered by a panel of officers from the constituent authorities, which provides a recommendation to WYCA. WYCA also administers all payments and legal agreements for grant awards between £50 and £100K.</p>	<p>Grants of between £100K and £250K are appraised and administered by officers at WYCA, and then considered by the Business Investment Panel. This Panel makes recommendations on the applications to the WYCA MD, who has the delegated authority to make the final decisions.</p>
	<p>WYCA’s Executive Head of Economic Services, under sub-delegation from the Managing Director, approves all grant awards of between £10K and £100K, with relevant WYCA Heads of Service also being able to approve grant awards of under £25K via the same delegation.</p>		
	<b>Inward Investment Grants</b>		
<p>Grants of £10-£50K are appraised internally by WYCA</p>	<p>Grants of £50-£250K are appraised by</p>	<p>Grants of &gt;£250K are appraised by WYCA</p>	

	<p>officers; considered by senior officers, who provide a recommendation for approval by the Executive Head of Economic Services, or a WYCA Head of Service if the grant value is under £25K, under delegation from the WYCA MD.</p>	<p>WYCA officers and are considered by the Business Investment Panel, which provides a recommendation. Final Approval is provided by the WYCA MD under delegation from WYCA</p>	<p>officers and receive scrutiny from the WYCA Programme Appraisal Team (PAT), WYCA Investment Committee, WYCA and the Business Investment Panel, which provides a recommendation. Final approval is provided by the WYCA MD under delegation from WYCA.</p>
	<p>All grants appraised by LCC are approved by WYCA's Executive Head of Economic Services, or by a WYCA Head of Service if the grant value is under £25K, under delegation from the WYCA MD.</p>		
<p><b>Economic Development Loans and Grants</b></p>	<p>WYCA makes decisions about entering into the economic development loans or grants for the Growing Places Fund, following consideration of the recommendations made by the <b>Business Investment Panel</b> and the <b>Investment Committee</b>. WYCA approves projects and the loan or grant amount in principle and the Managing Director under his delegated authority finalises and approves the details, following appropriate due diligence and agreement on final terms by the Business Investment Panel.</p> <p>However, if approval on such applications cannot be sought from WYCA in a timely way, due to decisions being required in between scheduled meetings, the recommendations of the Investment Committee are circulated by email to WYCA Members for comment within a specified timeframe of 5 working days. If no objections are raised over this period then the Managing Director determines the application under delegated authority.</p> <p>If any WYCA Member raises an objection or issue in relation to an application, the Managing Director refers the application back to WYCA for further consideration.</p> <p>If a loan or grant application comes from the wider LCR area (Craven, Harrogate, Selby and Barnsley) then the <b>LCR Partnership Committee</b> is consulted. If recommendations cannot be sought from the LCR Partnership Committee in a timely way, individual members of the Committee are consulted by email with any resulting views and any recommendations being referred to WYCA, as the LCR Partnership Committee is not a decision-making body.</p> <p>The Managing Director reports decisions on loans and grants made under delegated authority, to subsequent WYCA meetings.</p>		

### 2.3 Transparency

WYCA and the LCR LEP are mindful of the need to build the trust and confidence of stakeholders and the public, in relation to our ability to take investment decisions. Promoting transparency in its decision-making is a key part of this.

WYCA by law must designate a **Monitoring Officer**, who is responsible for ensuring that decisions conform to the relevant legislation and regulation. This is WYCA's Head of Legal and Governance Services. A key part of this role is to ensure that the legal responsibilities of WYCA as accountable body, in relation to ensuring the transparency provisions are met, as set out below.

### 2.3.1 Meetings

Specific statutory requirements apply to WYCA in relation to transparency. The key provisions are:

- the public's rights to attend meetings and inspect documents of WYCA as set out in its Procedure Standing Orders;
- meetings of WYCA are live streamed, enabling the public to watch the meeting over the internet;
- notice of any up and coming key decision will be published on the WYCA website 28 days in advance of the decision;
- agendas and reports of meetings of WYCA and its committees are available to the public on its website, in accordance with its Procedure Rules, 5 clear days before a meeting [here](#);
- minutes of meetings are published on WYCA website;
- business case summaries of all projects/programmes coming forward for a decision are published on its website;
- key decisions taken by officers are published on WYCA website; and
- WYCA adheres to the Local Government Transparency Code which requires the publication of additional data.

The LEP Board also works to similar standards; the agenda, papers and minutes of LCR LEP Board Meetings are accessible from the LEP website, published on the WYCA website, as well as the SEP and information relating to progress on delivery of all programmes. Additionally, any meeting of the LCR LEP Board is open to the public except to the extent that the public are excluded under the LCR LEP Board's Procedure Rules.

### 2.3.2 Requests for Information

WYCA is subject to the Freedom of Information Act 2005 and the Environment Impact Regulations 2004, and will respond to statutory information requests in accordance with approved procedures. WYCA also deals with any requests for information from the LCR LEP, on its behalf, in accordance with the same procedures. Further information on WYCA's Freedom of Information Policy can be found [here](#).

### 2.3.3 Providing Information

An overview of all scheme business cases and evaluation reports are published on the WYCA website. A nominated point of contact is made available to receive public and stakeholder comments.

Summaries of business cases to be considered by Investment Committee as part of the Assurance Process (See Sections 3 and 4) are published electronically ahead of meetings to allow for external views to be sought. There are exceptions to this rule in respect of commercial confidentiality.

Regular programme progress reports are available on WYCA and LEP websites, including key funding decisions and monthly performance dashboards providing information on expenditure and output/outcome performance.

## 2.4 Use of Resources and Accounts

The use of resources by WYCA are subject to the usual Local Authority checks and balances, including the financial duties and rules which require councils to act prudently in spending. These are overseen by WYCA's S73 Chief Finance Officer, who is its Director of Resources. This post has statutory responsibility to administer WYCA financial affairs, and is responsible for ensuring that funding is used legally and appropriately.

WYCA has clear accounting processes in place to ensure that all funding sources are accounted for separately and that funds can only be used in accordance with WYCA decisions.

WYCA has a statutory duty to keep adequate accounting records and prepare a statement of accounts in respect of each financial year. This statement of accounts will be published (usually in June in draft and in September as fully audited, although this will change in accordance with legislative requirements), and will cover expenditure from the Local Growth Fund and other funding sources received from Government. A separate financial statement for LEP expenditure is planned for 2017/18.

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

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

## 2.5 Audit

As a Local Authority, WYCA complies with statutory requirements relating to audit arrangements, principal elements of which are:

- appointing an **audit committee**;
- inspection by **external auditors**; and
- adopting **internal audit arrangements**.

These audit arrangements apply to LCR LEP funding in respect of which WYCA is the accountable body, in the same way as for other WYCA expenditure.

WYCA's Governance and Audit Committee fulfils the requirement to appoint an **audit committee**, and must by law include at least one independent person.

The role and responsibilities of this Committee include:

- reviewing and scrutinising WYCA's financial affairs;
- reviewing and assessing WYCA's risk management, internal control and corporate governance arrangements;
- reviewing and assessing the economy, efficiency and effectiveness with which resources have been used by WYCA;
- approving the review of internal controls and the annual governance statement;
- considering and approving the statement of accounts;
- considering external audit arrangements and reports; and
- advising WYCA in relation to the Assurance Framework.

Further details on the membership and meetings of this committee can be found [here](#).

An annual independent audit is conducted by **externally appointed auditors** ensuring WYCA operates a robust financial management and reporting framework, including reviewing whether WYCA meets its statutory obligations in relation to grant funding.

WYCA's **internal audit** function carries out independent and objective appraisals of relevant systems and processes, including ensuring that effective procedures are in place to investigate promptly any alleged fraud or irregularity.

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

## 2.6 Scrutiny

WYCA is required by law to appoint an **Overview and Scrutiny Committee**. This committee is authorised to:

- review or scrutinise decisions made or other action taken in connection with functions of the Authority;
- make reports or recommendations to WYCA with respect to WYCA's functions and;
- receive and monitor responses to any reports or recommendations made.

The Committee may therefore scrutinise any decision of WYCA made in its role as accountable body for the LCR LEP. This provides an additional safeguard in relation to LCR LEP decision-making.

The independent element of this scrutiny is safeguarded by a requirement that membership of this Committee cannot include any member of WYCA. It comprises elected Members co-opted from its constituent and non-constituent councils. The Overview and Scrutiny Committee has been fully involved in the creation of this Assurance Framework, including signing off the version for publication at its meeting on 24 January 2018.

Further details on the membership and meetings of this Committee can be found [here](#).

## 2.7 Codes of Conduct

In relation to the LEP, all LCR LEP Board members are subject to a LCR LEP Board Members' [Code of Conduct](#), which reflects the Nolan Principles of public life:

- 1) Selflessness
- 2) Integrity
- 3) Objectivity
- 4) Accountability
- 5) Openness
- 6) Honesty
- 7) Leadership

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

Acceptance or receipt of an offer of a gift or hospitality; and

Specific pecuniary and non-pecuniary interests.

A register of the interests disclosed by LEP Board members is accessible from the LEP website and published on the WYCA website. The Code sets out comprehensive requirements in relation to declaring interests at meetings, and the circumstances in which a conflict of interest will preclude a LEP Board member from participating in decision-making.

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

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

In relation to WYCA, there are statutory provisions that require WYCA to adopt a Code of Conduct for its Members and voting co-opted Members, including those on Panels appointed by WYCA. The Code sets out the conduct expected of Members, including procedures for declaring and registering:

- acceptance or receipt of a gift or hospitality; and
- disclosable pecuniary interests, which are defined by the code.

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

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

The register that records Members' interests is also publicly available on WYCA [website](#).

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

WYCA has also adopted a Code of Conduct for Officers, which includes procedures for registering personal and prejudicial interests. Officers also need to comply with a Gifts and Hospitality policy. Failure to comply with the Code may lead to disciplinary action.

## 2.8 Complaints and Whistleblowing

WYCA will consider any complaints received in accordance with its agreed complaints procedure, which can be found [here](#). Any complaints about the LCR LEP will be dealt with by WYCA in accordance with WYCA's complaints process.

WYCA has also adopted a [Whistleblowing policy](#), to investigate and resolve any case where it is alleged by stakeholders, members of the public or internal whistle-blowers that WYCA is acting in breach of the law, failing to adhere to the framework or failing to safeguard public funds. Should any allegations arise in relation to the LCR LEP, the same policy will apply.

The LCR LEP has also adopted a confidential complaints policy, which can be found [here](#).

## 2.9 WYCA Resources and Capabilities

WYCA has a scale of staff resource with the necessary key functions to enable it to:

- Manage the pipeline, including supporting business case development;
- Carry out programme and project appraisal;
- Co-ordinate and manage the decision process (e.g. time of meetings and associated paperwork); and
- Oversee the delivery, monitoring and evaluation of schemes (e.g. benefits realisation management, financial and resource management, risk).

WYCA draws on external expertise and technical support such as financial, economic, property, legal and evaluation advice, for example through consultancy frameworks or from partner organisations including the Home and Communities Agency, Local Authorities, Skills Funding Agency and others.

## 2.10 Local Engagement

Engagement with stakeholders and the wider public is regarded as a central part of the process to develop, monitor and implement the SEP, the Growth Deal and all other aspects of the work of the LCR LEP and WYCA.

The LCR LEP has established a Business Communications Group made up of representatives from key business organisations in the Leeds City Region. The group plays an active role in supporting business growth in the region by helping to coordinate effective communications between the LCR LEP and the business community. The group also acts as an advisory group to the LEP Board; consulting with their members on barriers to growth and ensuring businesses are at the heart of everything we do.

The group brings together 18 representative organisations and sector bodies in the region, collectively representing around 20,000 local companies, and provides a channel both for the business community to influence LCR LEP policy and delivery, and for the LCR LEP to communicate information to that membership base. The group has influenced the development of key LCR LEP products and services, including its recently launched skills service and the LCR LEP growth service. Local public sector and university partners are also heavily engaged in project design and implementation, with cross-sector working groups having been established to shape work on LCR LEP priorities including innovation, exports, inward investment, skills and apprenticeships and resource efficiency.

The LCR LEP also engages and communicates with partners through channels including social media, press releases, the LCR LEP website, events and a monthly eNews, which is distributed to around 33,000 businesses and stakeholders. Social media has been used particularly effectively for informal engagement of businesses and partners on policy and project development, and the LEP's "innovative use of social media for consultation and engagement" was highlighted in a 2014 report by IPPR North.

In any future work to develop the SEP, or any key strategies that underlie the overall Plan, we will take steps to ensure that these principles of open and inclusive engagement are maintained and enhanced.

### 2.11 Arrangements for cross-LEP working

There are a number of areas where the LCR LEP works closely and interfaces with neighbouring and other regional LEPs. These include:

- Yorkshire LEP meetings, which take place 4 times a year;
- Yorkshire LEPs also meet regularly to discuss approaches to business support and are part of the Northern Powerhouse Growth Hub Network;
- Yorkshire Hubs collaborated on the Northern Powerhouse Investment Fund, including regular meetings to determine contributions from their ESIF allocations;
- cross-LEP meetings sharing best practice around skills;
- as part of the LEP network, where wider best practice is shared;
- through Transport for the North, where there is a significant degree of cross-LEP collaboration, working down from the Partnership Board, through to officer working group meetings around Northern Powerhouse Rail, Strategic Transport Plan and Roads Strategy;
- core Cities forums, which take place 4 times a year, covering a wider spectrum of national policy issues; and
- LCR LEP is also invited to attend the Sheffield Combined Authority as an observer, given the close links between the two functional economies.

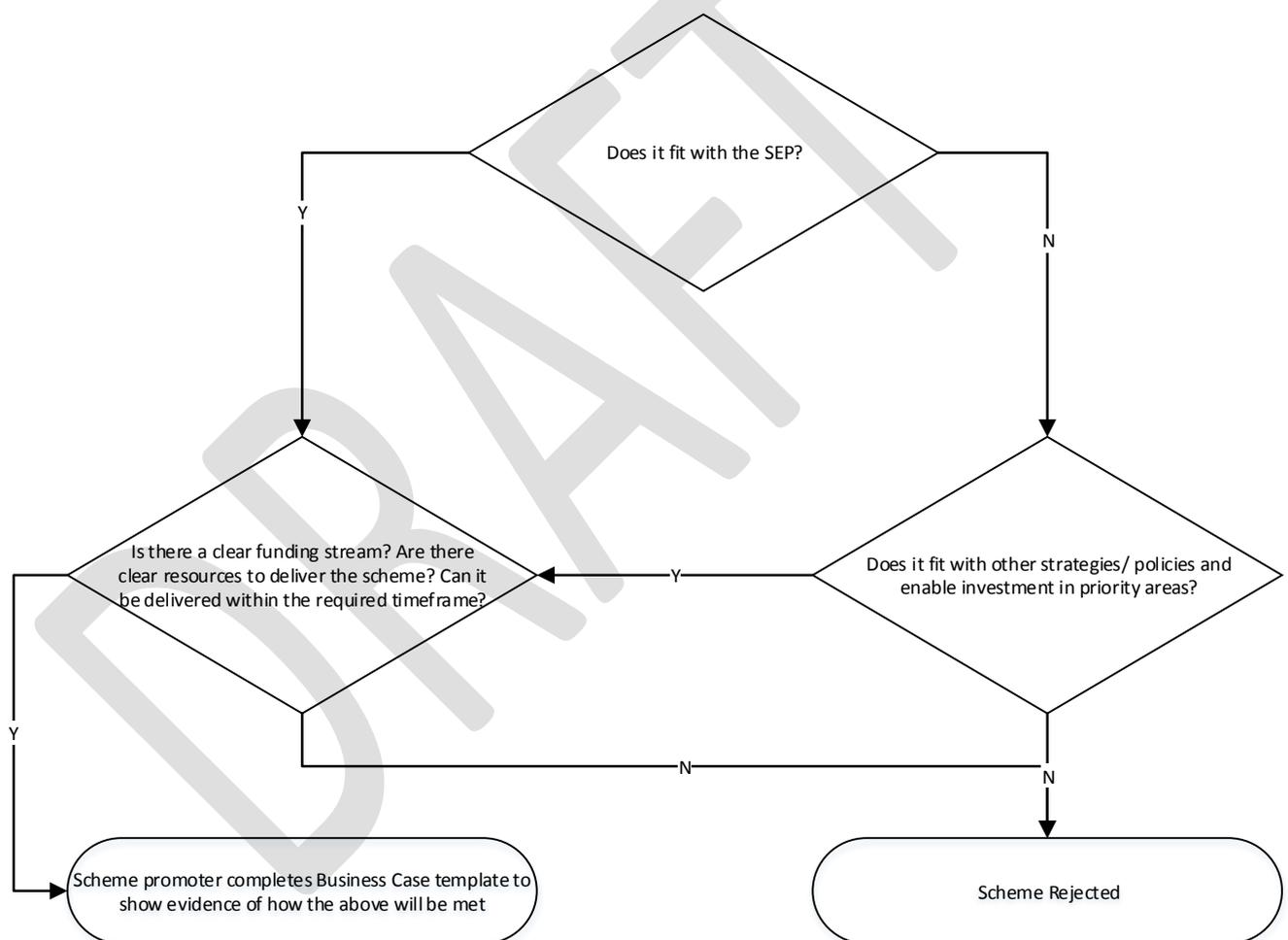
## 3. APPROACH TO PRIORITISATION

### 3.1 Introduction

The approach for identifying and prioritising those programmes and projects that are most likely to provide value for money, maximise economic benefits and deliver against the LCR SEP's vision and strategic priorities, is set out in the following sections.

### 3.2 Identifying candidate schemes

Local partners, the Policy and Strategy Directorate and the LEP will largely be responsible for identifying and developing candidate schemes for inclusion in the project pipeline. To assist the identification of schemes, a number of guiding principles are used:



Scheme promoters are required to submit evidence on standard WYCA business case templates which have been designed in line with HM Treasury Five Cases guidelines, and designed to capture evidence relating to the guiding principles above.

### **Calls for proposals**

Other avenues for potential schemes to access funding opportunities from the LEP/WYCA could be through funding competitions with specified deadlines for submissions as well as open calls where the LEP/WYCA will be seeking on-going business case submissions from scheme promoters.

All calls for proposals with specified deadlines, including details of the application and decision process and assessment/eligibility criteria are posted on the LEP/WYCA website and promoted with public sector partners and the business community.

### **3.3. Methodology for prioritising investment**

Once schemes have been identified, the prioritisation of schemes to enter the pipeline (Stage 1) is then critical to the creation of a focused programme of investment across the four priorities of the SEP.

When comparing schemes for prioritisation, they are considered in the context of creating a balance between spending areas, between projects within a programme, in relation to funding opportunities and bids that come forward. This is done to ensure that schemes of a different nature are not compared against each other.

In order to facilitate the prioritisation of schemes in an objective, consistent and transparent way, they are compared on the basis of their potential to deliver on the criteria they were originally identified on, as well as their ability to offer value for money.

#### **3.3.1 Assessment criteria**

The Assurance Process will inform decision-making by providing an objective, transparent and rigorous system of appraisal to assess programmes and individual projects objectively. It is a flexible process that can be adapted to the specific nature, scale and scope of the project and/or programme. It sets out how all City Region projects and programmes, whether they are housing, regeneration, transport, low carbon, skills, innovation or anything else that comes to WYCA and the LEP for consideration, will be appraised and evaluated based upon the evidence provided.

The Assurance Process will be applied to the assessment of all projects and programmes funded from Government or local sources that flow through WYCA and the LEP projects, drawing on national guidance (e.g. Green Book, Treasury Five Cases, WebTAG and CLG Appraisal Guidance).

The following assessment criteria are used:

- fit with the SEP and other relevant strategies;
- clear evidence of the rationale and need (or demand) for the project;
- the additional GVA and employment impacts as well as the wider benefits, at the LCR level;
- contributes to our 'good growth' aspirations. This will also now include inclusive growth objectives;
- clearly defined inputs, activities, outputs, and anticipated outcomes and an assessment of additionality of benefits;
- confirmation that the investment represents value for money and is the preferred option;
- clear detail of the financial costs of the proposal and evidence of the need for WYCA/LEP support and availability of match funding; and

- the project is deliverable, has robust risk management, delivery and monitoring and evaluation arrangements.

Preference will be given to those schemes that:

- deliver 'high' value for money (e.g. a Benefit Cost Ratio or other appropriate Value for Money (VfM) benchmarks that meets established guidance for the project type being assessed;
- offer the potential to generate a return; and
- maximise private sector and other public sector investment.

It should be noted that there will also be cases when WYCA approves schemes where there is a lower Value for Money case. This could be where there are convincing wider economic and environmental impacts or where a scheme meets multiple SEP priorities. There may also be instances where there is a need to invest quickly in conjunction with significant levels of private sector leverage, in order to unlock a major development, or where social value is sought to be maximised (e.g. through the West Yorkshire Transport Fund programme).

### 3.3.2 Tools for estimating economic and wider benefits

All programmes and projects will be expected to have a positive (direct or indirect) impact on growth through job creation, skills improvement, productivity, improved connectivity etc. to ensure that the good growth aspirations articulated in the SEP are realised. Going forward, this will also include inclusive growth aspirations.

Net additional economic output, measured by Gross Value Added (GVA) per pound invested will be used as a key metric for determining whether a project delivers value for money. Other measures of value for money will be used where necessary to provide more information on the richness and scale of the potential impact of projects. Such measures include total cost per job and total GVA per job.

In order to assess GVA and jobs growth, as well as wider economic benefits, both quantitative and qualitative assessment will be required. WYCA/ LEP will take into consideration broader strategic value of proposals, particularly with regard to their potential to deliver increased GVA impact, as well as carbon and wider social benefits (e.g. contribution to the good growth principles set out in the SEP), in finally determining whether to approve a scheme.

A range of tools and models will be used to help estimate the wider economic impact of scheme proposals in order to facilitate the prioritisation and decision-making process. There currently include:

- **The Regional Econometric Model (REM)** - will be used on non-transport schemes to help determine their net additional employment and net additional GVA impact.
- **The Urban Dynamic Model (UDM)** – will be used for transport schemes to understand how employment and GVA growth could be constrained without the proposed transport intervention(s).
- **Skills Value Model** – An in-house approach has also been developed to quantify the impact of skills interventions. The approach allows us to estimate the potential increase in earnings attributable to acquiring a new qualification. The Net Present Value (NPV) and/or the net increase in earnings can be used as a proxy for GVA.

The qualitative assessment will seek to consider the strategic importance of the scheme (e.g. an assessment of how the scheme contributes to the priorities and objectives of the SEP). This more qualitative assessment is particularly important for revenue programmes, the direct effects of which are traditionally more difficult to quantify.

## 4. ASSURANCE AROUND PROGRAMME & PROJECT DELIVERY

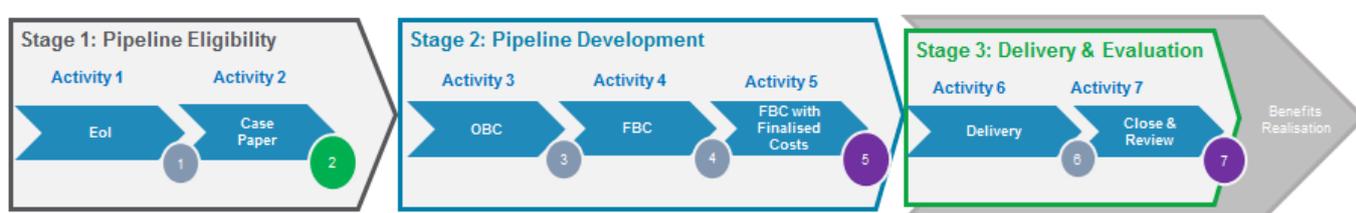
### 4.1 Introduction

This section sets out how the Assurance Process is used in the development and delivery of all WYCA projects and programme investments.

### 4.2 Assurance Process

The Assurance Process (set out in Figure 4.1) is a three stage system for project control to deliver value for money in a transparent and accountable way.

Figure 4.1: Overview of the Assurance Process



**KEY:** ● Decision Point ● Key Decision Point (IC/CA Approval Required) ● Key Decision Point

It has been designed to take all schemes through their project/ programme lifecycle, and provides a practical “step-by-step” framework to aid the development of business cases, to ensure successful delivery and monitoring and evaluation for making key decisions. The Assurance Process is both scalable and proportionate and offers a structured process for appraising, developing, planning, delivering and evaluation that is in line with HM Treasury guidance to deliver best public value.

The Assurance Process is used by the following:

- **Project Promoters:** it provides a pathway to allow promoters to develop proposals in a way that will give them the best chance of success;
- **Decision Makers:** it is a framework to provide the information they need to take investment decisions and to prioritise between different proposals in a clear and transparent manner; and
- **Partners and the wider public:** to give confidence that there is a clear and transparent framework to appraise and prioritise schemes and to take investment decisions.

An important feature of the Assurance Process is its flexibility in that it can be adapted to the specific nature, scale and scope of the project and/or programme. For example, it offers the potential for accelerated decision-making by allowing small scale, less expensive projects to move quickly through the decision points described below.

Programmes that are comprised of multiple projects for their delivery may also be subject to accelerated decision-making. In these instances, the assessment of the cost and benefit information may be at a high level with the programme level business case providing the strategic context for subsequent investments (projects). Following approval to fund the programme, the projects comprising the programme must be subject to individual business cases. The programme must be

approved at Decision Point 2 before any projects can proceed through the next stages of the Assurance Process.

### **Overview of the Assurance Process**

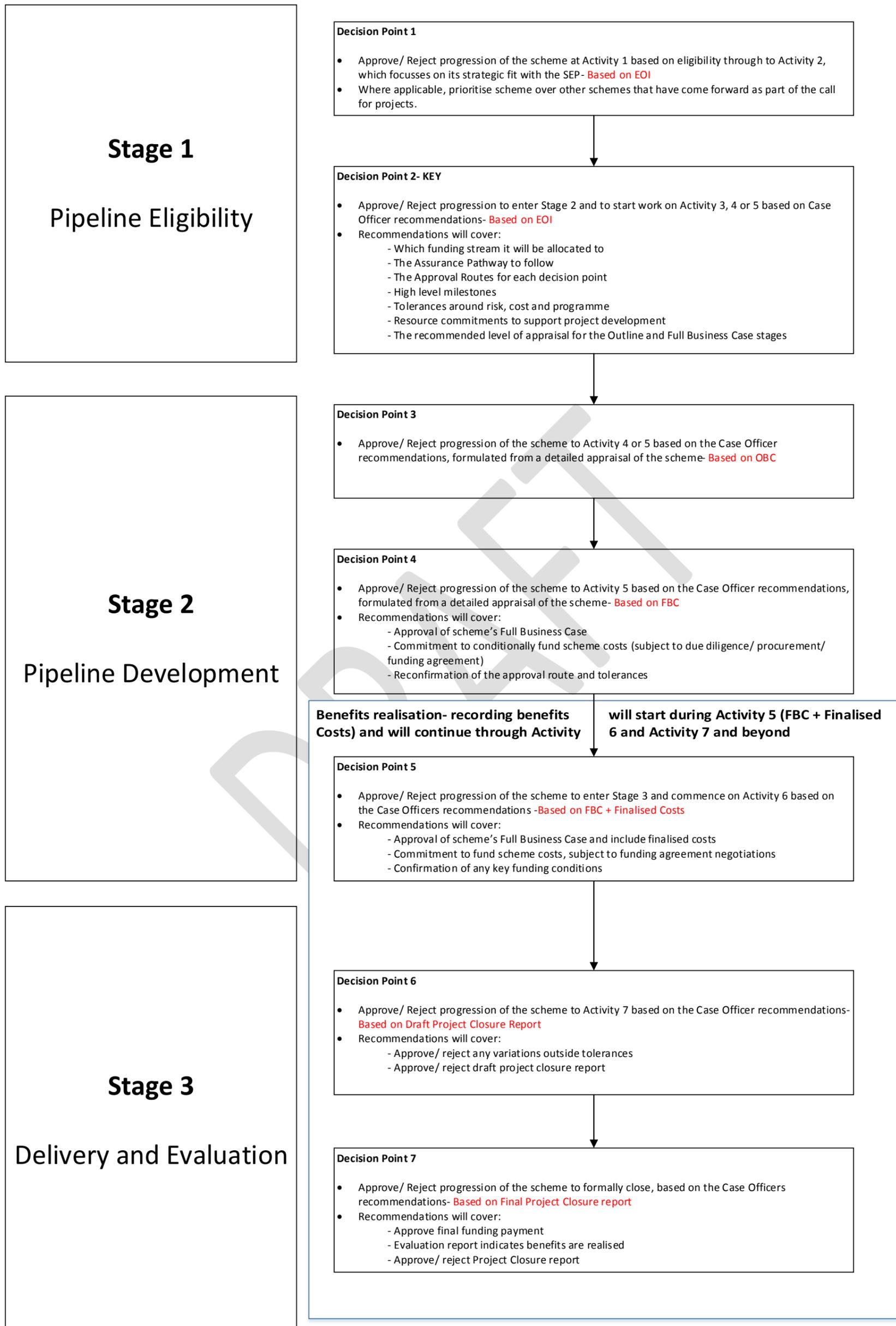
Under each stage outlined above there are a series of Activities that need to be carried out in order to progress each scheme. Whilst there are seven possible Activities, not all would apply to all schemes and the process and intensity of appraisal applied can be tailored for each scheme depending on its type, scale and complexity, with the appropriate Activities applied (e.g. not all schemes will be required to complete an Outline Business Case; they could proceed straight to Full Business Case).

Benefits realisation is considered to be something that runs through all of Stage 3. Scheme promoters should be starting to capture benefits as soon as the scheme is being delivered in Activity 6, and this will continue through scheme closure and beyond.

At the end of each Activity, a scheme is required to go through a Decision Point. It is here where a scheme is appraised against the HM Treasury 'Five Cases Model'. As such, project sponsors must demonstrate that a robust, accurate and compelling business case exists at each stage of the process (subject to the approved pathway as set by PAT). All schemes must be approved by WYCA at Decision Point 2. Further information can be found in Figure 4.2.

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Figure 4.2: The Assurance Process



### 4.3 Business Case Requirements at each stage of the Assurance Process

A key objective of the Assurance Framework is to support WYCA in assessing whether potential investments offer good value for money and have the capacity to generate and deliver the growth objectives set out in the SEP, or specific objectives relevant to a funding stream.

Along with the focus of the Business Case changing as a scheme progresses through the Assurance Process, the focus of the Business Case appraisal is structured around a series of key appraisal questions which enable the appraiser to review and test the evidence presented in the Business Case across the 'five cases'. Project promoters are made aware of the key appraisal questions in order to guide the presentation of evidence in the Business Case.

All projects will undergo a 'five cases' assessment to ensure a project demonstrates that the outcomes and outputs are deliverable, that the associated Business Case is a sound one and that the scheme represents value for money.

The following Business Case templates will be completed by projects during Stages 1 and 2 of the Assurance Process.

#### Stage 1: Pipeline Eligibility

An Expression of Interest (EoI) is completed by the Scheme Promoter and submitted to WYCA in order for a scheme to be considered for funding as part of Activity 1 in the Assurance Process. The primary purpose of the EoI is to provide WYCA with information on a scheme proposal in order to determine whether it is eligible for funding.

Eligibility is based upon a scheme's strategic fit to the SEP and any specific restrictions relating to how different funding can be allocated. If a scheme is eligible for funding, this will be approved at Decision Point 1 in the Assurance Process by the Director of Delivery, with exceptions approved by the PAT.

Following progression through Decision Point 1, a Case Officer will be assigned to prepare a Case Paper at Activity 2. The Case Paper will determine and recommend whether a scheme proposal proceeds through Decision Point 2 and is invited to prepare a Business Case- Outline or Full depending on the agreed pathway through the Assurance Process. The Case Paper will assess the scheme's potential to deliver economic benefits and assess the scheme's deliverability, and is focussed on the strength of the strategic case. It is possible that a Case Officer may determine that further work is required on the information provided in an EoI in order to complete a Case Paper, even though it may have passed through Decision Point 1.

A summary of the criteria used to aid the Stage 1 assessment and prioritise and select those schemes that will progress to Stage 2 are set out in Table 4.1.

**Table 4.1: Overview of the Stage 1 Assessment Criteria**

Criteria	Description
<b>Strategic Case</b>	<ul style="list-style-type: none"><li>• Has the scheme been clearly defined?</li><li>• Is it clear why WYCA investment is needed and what it will be used for?</li><li>• Does the scheme have a clear alignment to SEP Strategic Priorities, Headline Initiatives and funding source?</li><li>• Does the scheme meet the 'Good Growth' principles?</li><li>• Is there a clear rationale / need / market failure case for investment?</li></ul>

Criteria	Description
	<ul style="list-style-type: none"> <li>• Have the scheme objectives been clearly set out?</li> </ul>
<b>Commercial Case</b>	<ul style="list-style-type: none"> <li>• Has evidence of need/demand for the project been identified?</li> <li>• Is the market for the project clearly understood?</li> <li>• Does the project unlock other downstream investments?</li> <li>• Has the scheme considered how it will procure the solution?</li> </ul>
<b>Economic Case</b>	<ul style="list-style-type: none"> <li>• Will the project contribute to SEP Headline Indicators? – either directly or indirectly</li> <li>• What potential does the project/programme have to deliver economic benefits/growth e.g. through jobs, unlocking sites, skills uplift, etc.?</li> <li>• Does the project contribute to other indicators that underpin the key principles of the SEP and the individual Priority Areas?</li> <li>• Do projected outputs and outcomes appear realistic / achievable?</li> <li>• Does the project appear to offer the potential of reasonable value for money?</li> <li>• Where appropriate has strategic and economic modelling been used to carry out an initial test of a project to identify a GVA/£ ratio e.g. Urban Dynamic Model (UDM) or the Regional Econometric Model (REM)</li> <li>• Has the project/programme undertaken an options appraisal e.g. SWOT assessment of a long list of options in order to identify a short list?</li> <li>• Does the scheme have a Benefits Register?</li> </ul>
<b>Financial Case</b>	<ul style="list-style-type: none"> <li>• Is the amount and timing of WYCA investment and match funding clearly set out?</li> <li>• Has the Loan first principle been considered?</li> <li>• Has other funding been confirmed or is there a clear timescale for confirmation?</li> <li>• Is there a proposal for WYCA to achieve any financial return through the project?</li> <li>• How are the scheme costs made up? Are they robust and realistic?</li> </ul>
<b>Management Case</b>	<ul style="list-style-type: none"> <li>• How will the scheme be managed, are the appropriate arrangements in place / outlined. How 'delivery ready' is the project?</li> <li>• Are delivery timescales clearly indicated and are they realistic? e.g. A high level development and delivery timetable identifying any potential barriers or constraints (e.g. planning, legal, land ownership issues).</li> <li>• What are the main risks facing this scheme?</li> <li>• If appropriate for scheme – has it got a Risk Register and/or Risk Plan?</li> <li>• Are there any potential barriers/constraints to the Scheme that will impact on delivery?</li> </ul>

Criteria	Description
	<ul style="list-style-type: none"> <li>Has an initial assessment of any potential State Aid implications been undertaken?</li> <li>Are there any linkages/Interdependencies with other schemes that could affect delivery</li> <li>Is the appropriate project / programme management documentation in place?</li> <li>Have the appropriate supporting technical studies been undertaken?</li> <li>Has the Promoter demonstrated any Lessons Learnt?</li> </ul>
<b>Other criteria (if applicable)</b>	<ul style="list-style-type: none"> <li>For transport schemes this could include modelling to predict changes in carbon emissions, accidents, mode splits and impacts at different geographies including deprived communities.</li> </ul>

## Stage 2: Pipeline Development

The Business Case template uses a detailed ‘five cases’ assessment of the scheme that demonstrates that the outcomes and outputs are deliverable, that the associated Business Case is a sound one and that the scheme represents value for money.

At this stage the Business Case template seeks to build on the evidence presented in the EoI in order to present the full details of the scheme across the ‘five cases’ model.

Strategic Case	Refinement from the EoI
Commercial Case	Market Demand/ testing evidence and procurement strategy
Economic Case	To include options appraisal, economic impact assessment and value for money analysis
Financial Case	Costs, funding and financial profile
Management Case	Governance/ project management, confirmation of procurement arrangements, risk mitigation and State Aid compliance

**Table 4.2: Stage 2 Assessment Criteria**

Criteria	Description
<b>Strategic Case appraisal</b>	<ul style="list-style-type: none"> <li>Does the project clearly set out the strategic drivers for this investment?</li> <li>Does the project contribute to the achievement of the Leeds City Region’s Strategic Economic Plan</li> <li>Does the project link to other activity being delivered either within the City Region or nationally?</li> <li>Does the project meet other national, sub-regional and local strategies and policies?</li> <li>Does the project set out why WYCA funding is required in order to be undertaken?</li> <li>Has the project undertaken any engagement/consultation with key stakeholders and beneficiaries affected by the scheme?</li> <li>Does the project clearly set out its objectives?</li> <li>Does the project clearly set out the key activities to be funded?</li> </ul>

Criteria	Description
<b>Commercial Case appraisal</b>	<ul style="list-style-type: none"> <li>• Has the project provided evidence to support the market demand justification for this project?</li> <li>• Has the project provided evidence to support the projected take-up by the market?</li> <li>• Does the project have a preferred procurement strategy/approach?</li> <li>• Has the project considered risk allocation and transfer?</li> </ul>
<b>Economic Case appraisal</b>	<p><u>All Projects:</u></p> <ul style="list-style-type: none"> <li>• What Long List of Options have been considered?</li> <li>• What Critical Success Factors (CSF) have been used to evaluate the Long List of options?</li> <li>• How has the Long List of Options been appraised?</li> <li>• What is the Short List of Options?</li> <li>• How has the Short List of Options been appraised?</li> <li>• How does the Scheme contribute to the SEP Headline Indicators</li> <li>• What methodologies have been used to calculate the Monetised Benefits?</li> <li>• What methodologies have been used to calculate the Monetised Costs?</li> <li>• How is uncertainty in the appraisal dealt with?</li> <li>• Does the project identify any wider benefits?</li> <li>• Does the project identify any Low Carbon and Environmental Benefits</li> <li>• What is the Scheme Value for Money position?</li> <li>• Is the Preferred Option clearly defined?</li> </ul> <p><u>Additional Assessment Criteria for Transport Projects:</u></p> <ul style="list-style-type: none"> <li>• What methodologies have been used for modelling and appraisal of the scheme?</li> <li>• What transport model(s) have been used for the scheme appraisal?</li> <li>• What forecasting methodologies have been used for the scheme appraisal?</li> <li>• How has the impact of the scheme on travel demand and behaviour been incorporated?</li> <li>• How is uncertainty in the appraisal dealt with?</li> <li>• How the scheme impacts across different social groups?</li> <li>• Does the project have an Appraisal Summary Table?</li> <li>• Does the project have a Transport Economic Efficiency Table?</li> <li>• Does the project have an Analysis of Monetised Costs and Benefits Table?</li> <li>• Does the project have a Public Accounts Table?</li> </ul>
<b>Financial Case appraisal</b>	<ul style="list-style-type: none"> <li>• Has the project got a calculated outturn capital cost?</li> <li>• Has the project got a clear cash flow and funding profile?</li> <li>• Does the project have any revenue, on-going/operational costs associated with it?</li> <li>• Does the project have any other funding sources?</li> <li>• Have the main financial risks been identified?</li> <li>• Has the project addressed how will cost overruns would be dealt with?</li> <li>• Does the project offer any potential to generate a commercial return to pay back funding?</li> <li>• Does the project have any State Aid issues to address?</li> <li>• Is WYCA funding a loan?</li> </ul>

Criteria	Description
Management Case appraisal	<ul style="list-style-type: none"> <li>• Does the project have a clear delivery plan?</li> <li>• Is there more than one delivery partner involved in the delivery of this project?</li> <li>• Does the project have a clear programme?</li> <li>• Has the project set out any delivery constraints?</li> <li>• Does the project have an adopted approach towards risk management?</li> <li>• Has the project completed a Quantified Risk Assessment (QRA)?</li> <li>• Does the project have a Communications Strategy?</li> <li>• Does the project have a Benefits Realisation Plan?</li> </ul>

The Business Case appraisal is effectively a risk-based appraisal that is designed to enable the Case Officer to test and report on key scheme risks across the five cases. This ensures that decision-makers at any level of delegation fully understand scheme risks, particularly in terms of benefits realisation, financial outcomes and value for money. It provides the basis on which any conditions precedent for a funding agreement can be proposed.

Business Cases are rated against an appraisal framework and each of the five cases is given a RAG (red, amber, green) rating based on the response to the key appraisal questions as follows:

<b>RED</b>	Does not adequately address one or more of the key assessment questions
<b>AMBER</b>	Addresses all of the key assessment questions but specific issues may require further consideration or action
<b>GREEN</b>	Presents a clear and comprehensive response to the key assessment questions

The main findings in respect of the five cases are then brought together into a single assessment summary and an overall scheme RAG rating. It is anticipated that schemes receiving an overall red rating may require the applicant to provide extensive additional information prior to subsequent reappraisal. Schemes receiving an overall amber rating may require special conditions (or conditions precedent) to be included in any subsequent grant agreement between the applicant and the accountable body.

#### 4.3.2 Assessment of Economic Impact & Value for Money

A range of tool-kits and approaches are used to demonstrate the wider economic benefits and value for money in order to prioritise and assess the overall Business Case for a scheme. In line with recognised VfM guidance, the assessment will consider:

- **Economy:** Minimising the cost of resources used;
- **Efficiency:** The relationship between the output from goods or services and the resources to produce them; and
- **Effectiveness:** The relationship between the intended and actual results of public spending (outcomes and meeting objectives).

As set out in the LEP National Assurance Framework guidance, the methodology used to assess VfM will be in line with the established guidance prescribed by the relevant government department:

<b>Transport</b>	The standard against which WYCA will assess the robustness of the economic case of transport projects with a capital cost in excess of £5m will be the established WebTAG methodology. See table 4.3.
<b>Housing</b>	The appraisal will draw on advice and guidance from the HCA alongside DCLG's appraisal guide for residential and non-residential development.
<b>Enterprise, business support and Innovation</b>	These projects will need to demonstrate ability to deliver VfM through evidence-based Business Cases aligned with HM Treasury Green Book guidance, with a commitment to publishing results to add to the evidence base on what works and contribution to local and national policy goals and growth.
<b>Skills Capital</b>	The Appraisal will continue to draw on Skills Funding Agency guidance
<b>Regeneration</b>	Projects will be in line with the National Planning Policy Framework and the Planning Practice Guidance. For projects beyond housing and transport interventions, for example, enabling works, land assembly, utilities and/or public realm projects, the DCLG appraisal guide will be used in helping to appraise their costs and benefits.

The approach adopted for the appraisal of a scheme will be proportionate to the scale and risk of the proposal. Some **Investment Appraisal Techniques** utilised are:

Cost Benefit Analysis	This calculates the costs and benefits for each year covered by the proposal and other shortlisted options (including the do-nothing/ do minimum 'counterfactual' position), which are then summed to produce a net figure for each year.
Net Present Value	This calculates the difference between the present value of cash inflows and the present value of cash outflows. Investments with a positive net present value will be acceptable.
Accounting Rate of Return	This compares the profit that is expected to be made from an investment to the amount that is needed to invest.
Internal Rate of Return	This measures the profitability of potential investments and allows schemes to be ranked by their overall rates of return rather than their present net values.
Payback Method	This calculates how long a scheme will take to pay back the money spent on it based on expected cash flows.

### Wider Economic Impact Assessment

In order to generate a prioritised shortlist of schemes, a wider economic impact assessment will be undertaken which utilises a range of tools and models. The Assurance Process draws on a line of nationally recognised value for money benchmarks relevant to the type of scheme under review for example:

- WebTAG for the appraisal of transport schemes;
- HCA Additionality Guidance and other appropriate sources, including DCLG Appraisal Guidance for housing and regeneration schemes;
- the Regional Development Agency Impact Study 2009; and
- evaluation evidence produced by the What Works Centre for Local Economic Growth.

Other measures of value for money will be used where necessary to provide more information on the richness and scale of the potential impact of schemes. Such measures include:

- total cost per job;
- total GVA per job;
- cost benefit ratio; and
- grant per job.

The adopted approach also aims to provide a ‘level playing field’ between the wide-range of intervention types that are being considered across the four strategic priorities of the SEP. This allows the LEP and WYCA to maximise the employment and productivity outcomes from available funding.

#### 4.3.3 Compliance with DfT’s WebTAG Guidance

All transport schemes will be subjected to the minimum requirements on modelling and appraisal, Value for Money (VfM) statement, assurance and evaluation as set out in the National Assurance Framework Guidance (LEP and Single Pot).

The modelling and appraisal work will be scrutinised to ensure it has been developed in accordance with WebTAG, is robust, and is fit for purpose. A mix of both internal and external resources (partner, local authorities and independent consultants) in the form of a Peer Review Panel will be used, so that appropriate and independent recommendations can be provided to decision makers. Opinion from DfT may be sought for high value or contested schemes. Responsibility for quality assurance of the assessment and scrutiny will rest with WYCA’s Head of Feasibility and Assurance.

An Appraisal Specification Report (ASR) should be developed by the scheme promoter at the start of Stage 2 and agreed with WYCA, which sets out how the scheme will be appraised. An Appraisal Summary Table (AST) and VfM Statement will be produced by following WebTAG and DfT’s VfM guidance. A VfM Statement will be produced for decision makers summarising the conclusions from VfM assessment taking into consideration whether benefits outweigh the costs whilst identifying key risks and sensitivities that may affect the VfM conclusion. The statement will be prepared by the scheme promoter. This will be reviewed and signed off by suitably qualified and authorised WYCA personnel who are independent of the project. The VfM statement will be presented to WYCA for decision-making purposes at appropriate stages in the Assurance process.

To maintain VfM for major transport investments from public funds, WYCA is committed to approve schemes with a final VfM of ‘High’ or above. In exceptional circumstances any scheme with a VfM category lower than ‘High’ may be approved. An example of such a transport scheme could be one which unlocks a major development site or a scheme which can be directly attributed to job creation and/or GVA growth.

#### 4.4.4 Appraisal Proportionality

The level of appraisal will be proportionate to the nature, scale and scope of each project and/or programme. For example, **where a scheme carries greater risk and/or is more complex, the intensity of the appraisal will reflect this.** This is not simply a matter of the financial scale of a project, but will also need to take account of how the project is structured, its processes and dependencies. The capital-intensive nature of transport projects and the accompanying high costs mean that transport schemes will have different financial thresholds in terms of how they are treated.

The proposed framework is set out in Table 4.3. These are **indicative** investment thresholds that will be used as an initial guide to determine the level of appraisal required for transport and non-transport schemes, and which will be reviewed in light of experience. Evidence will be provided to the PAT around factors of project complexity to inform the decision around the level of appraisal requirement. This should be set out in the agreed Appraisal Specification Report (ASR). Where a project is multi-faceted, proportionality will be based on the proposed costs of the various elements.

**Table 4.3: Investment thresholds to determine level of appraisal**

Complexity / risk	Cost						
	Non-transport schemes			Transport schemes			
		Low (less than £5m)	Medium (£5m to £10m)	High (greater than £10m)	Low (less than £20m)	Medium (£20m to £50m)	High (greater than £50m)
	Low	Value for money/GVA impact - ratio of GVA per £ spent simple appraisal	Value for money/GVA simple appraisal	Full HM Treasury 'Green Book' compliant business case including GVA assessment	BCR/GVA simple appraisal	BCR/GVA simple appraisal	Full WebTAG compliant business case & GVA assessment
High	Value for money/GVA BCR and other 'relevant' benefits appraisal	Value for money/GVA BCR and other 'relevant' benefits appraisal – individual Green Book cases may be applied	Full HM Treasury 'Green Book' compliant business case including full CBA and GVA assessment	Full WebTAG compliant business case & GVA assessment	Full WebTAG compliant business case & GVA assessment	Full WebTAG compliant business case & GVA assessment	

#### 4.3.5 Who will undertake the appraisal of projects?

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

The Programme Appraisal Team (PAT) is comprised of WYCA officers who oversee the Assurance Process as projects/programmes progress through it.

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

The PAT consists of a core membership representing WYCA programme delivery, feasibility and assurance, policy, economic, legal, and financial functions. Attendance at PAT meetings is supplemented by Case Officers, independent technical advisers, peer group representatives (including representatives from partner authorities and/or third party private businesses) and other attendees as required to supplement the decision making process.

The PAT Terms of Reference are attached in Appendix 3.

##### **WYCA Appraisal Function**

The responsibility for appraisal of projects sits with the Director of Delivery. Each scheme will be assigned a Case Officer when it enters the Assurance Process. The Case Officer is a WYCA officer, and will be responsible for carrying out the appraisal of a scheme. This may be done using their own expertise, or where necessary bringing together expertise from within WYCA or from external advisors and partners. This may cover financial, transport, economic, property, legal matters and experience of the relevant priority areas of the SEP. The Case Officer will have an appropriate degree of impartiality from the scheme.

As well as being multi-disciplinary, peer reviews can also include representation from different authorities and organisations as appropriate (e.g. peer review by officers from non-promoting authorities). Where appropriate and necessary, external advice will be procured to support the process (e.g. independent appraisal of WYCA projects). Wider independent advice may also be sought in some cases, including liaison with DfT and HMT economists.

There will be a clear separation between the appraisal function and the project sponsor/promoter. This means that staff carrying out appraisal will not be involved in advising on project and business case development activity.

Following each assessment of a project, a template will be completed by the Case Officer that reports the findings of the appraisal and this will be reviewed by the Programme Appraisal Team (PAT).

The WYCA Appraisal Function and Programme Appraisal Team (PAT) scrutinise and quality assure the process to ensure that the work undertaken is independent of the authority promoting the scheme. The Director of Delivery has overall responsibility for ensuring value for money for all projects and programmes.

#### 4.3.6 When will schemes be assessed?

It is expected that discussions between the scheme promoter and the LEP/WYCA will be an on-going and iterative process.

There will be a number of avenues for potential schemes to access funding opportunities from the LEP/WYCA. For example, this could be through funding competitions with specified deadlines for submissions as well as open calls where the LEP/WYCA will be seeking on-going business case submissions from scheme promoters.

All calls for proposals with specified deadlines, including details of the application and investment decision process, will be posted on the LEP/WYCA website and promoted with public sector partners and the business community.

The timescales for the assessment of business cases will vary depending upon the nature and complexity of the scheme, on the quality of information provided by the scheme promoter and on the volume of business cases under review. However, milestones will be agreed and set out between the Promoter, and LEP/WYCA following all Decision Points within the Process in order to establish a clear picture of what needs to be done next in the development of a scheme and when it can expect to be assessed and appraised across all areas of its business case.

#### 4.3.7 Reporting of Appraisal Findings

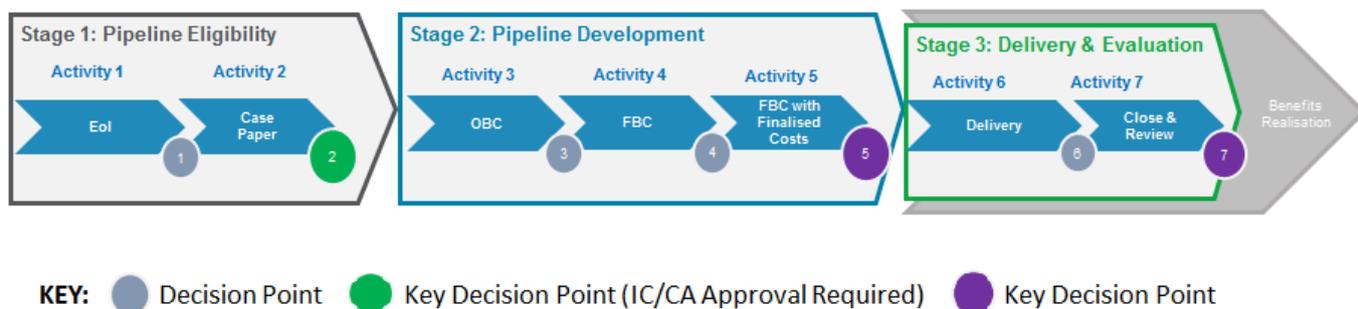
##### **Approvals Pathway**

Schemes will be assessed on a case by case basis, with the approvals pathway set out and agreed by WYCA at Decision Point 2 which best serves the needs of WYCA in carrying out the correct level of assurance, enabling schemes to progress quickly, and enabling WYCA to respond quickly to investment

opportunities. There are 6 possible approval routes at each Activity (an example of the approvals pathway is shown in Figure 4.2):

PAT	Investment Committee	WYCA
PAT	Investment Committee	Managing Director
PAT	WYCA	
PAT	Manging Director	
PAT	Transport Committee	
Business Investment Panel	Managing Director (for loans and business grants at DP4)	

Figure 4.3: Example of a Scheme’s Approval Pathway\*



Assurance Pathway						
✓	✓	✓	✓	✓	✓	✓
Approvals Pathway						
PAT MD DoD	PAT Investment Committee WYCA	PAT MD	PAT MD	PAT Investment Committee WYCA	PAT MD DoD	PAT MD DoD

\*this example is based upon a large scale, complex transport scheme

The key principle is that the PAT will always review a scheme at a Decision Point to check whether the Assurance Process has been applied correctly and assess whether a scheme is eligible to progress to the next Activity. The Investment Committee is asked to review the PAT’s recommendations early on in the Process in advance of WYCA or the Managing Director making any formal approval. This will usually be at Decision Point 2 at entry into the Pipeline for development.

Whilst schemes will by default always be seen by the PAT at each Decision Point, the PAT also have the option to defer the responsibility for seeing a scheme’s business case at Decision Points as they see fit e.g. LEP Loans may be seen by the PAT at Decision Point 2 with a Case Paper, then come back at Decision Point 4 with a Full Business Case that will be assessed by the Business Investment Panel instead.

In the case where the situation arises that the PAT agrees to reject a scheme, it is the role of the PAT to advise Investment Committee of this recommendation – and then for the Investment Committee to recommend to either approve or reject proposals to the Decision Maker.

Depending on the cost, complexity and risk of a scheme, the Investment Committee may request that a scheme is referred back to the Committee at subsequent Decision Points for their recommendation to progress along the Assurance Process in advance of Decision Point 5.

There is also the option for the Investment Committee to recommend to WYCA that further approvals after Decision Point 2 be delegated to WYCA Managing Director to facilitate speeding up the delivery of schemes that are considered low cost, less risky and less complex, and which remain within tolerances.

#### 4.3.8 Due Diligence Assessment

Due diligence is the independent verification of key information and assumptions. The purpose of due diligence is to protect all parties from acting on incorrect or impartial information.

Due diligence may be carried out at any point in the development of a scheme, however it will be formally required as part of Activity 5 – Finalising Costs. Information requirements at this stage will depend upon the nature of the scheme, the findings of the Full Business Case assessment and any outstanding actions still to be undertaken prior to any funding agreement being approved. The Business Investment Panel has a key advisory role in this process for business grants and loans.

Each case will of course be different depending upon the nature of the scheme, but could include:

- **Lending:** financial standing of delivery body, company ownership and creditworthiness, value of security offered and details of any existing charge, terms of loan including drawdown and repayment, consideration of State Aid;
- **Recoverability:** projects need to demonstrate the income from which the loan will be repaid;
- **Deliverability and risk:** confirmation that the project is ready to start and a risk management plan is in place; and
- **Final economic impact/VfM statement:** jobs created, contribution to the City Region economy and other outputs/outcomes such as remediated land, apprentice positions, houses built, private sector deliverability.

#### 4.4 Release of Funding, Cost Control and Approval Conditions

The funding offer will be bespoke to each individual scheme. The arrangements for the draw down and release of funding will be agreed during Stage 2 of the Assurance Process. To illustrate, the following funding conditions could apply and will be specified in the funding agreement:

- funding to scheme promoters will be capped at the maximum level;
- any potential overspends will be escalated by the Project Sponsor to WYCA. WYCA will consider the appropriate options, which will include a requirement for the Business Case to be re-worked and presented back to WYCA for further consideration;
- the Promoter's Chief Internal Auditor to provide assurance and to certify all expenditure on an annual basis;
- the Promoter's Chief Finance Officer to sign off all expenditure on an annual basis;

- claw-back provision in place to ensure funding is only to be spent on the specified scheme and that any cost savings achieved on the completed scheme are returned to the Fund;
- WYCA, as the Accountable Body, will release funding in advance in instalments (on a quarterly basis unless agreed otherwise), but only when it is needed. Regular reconciliation will be adopted to accelerate or pause payments to keep pace with actual spend; and
- WYCA may arrange for local audit of schemes to detect any misuse of funds.

Overall, WYCA's Internal Audit arrangements will sign off all total expenditure as part of the Annual Audit process.

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## 5. MONITORING AND BENEFITS REALISATION

### 5.1 Introduction

The following section sets out the approach to Monitoring and Benefits Realisation, including ongoing reviews of the Assurance Framework

### 5.2 Scheme Monitoring and Benefits Realisation

#### **Monitoring during Development and Delivery (Activity 3 to 7 inclusive)**

All projects will be monitored throughout their progression through the Assurance Process. Monitoring reports will be used to guide the collection of data from individual projects and is designed to ensure that it captures information required by WYCA/LEP and HM Government.

To ensure the benefits of the assurance process are fully met, WYCA has invested in the development of a new Portfolio Information Management System (PIMS), which will provide the following benefits:

- **Transparency**
  - allows informed and improved decision making;
  - provides visibility of project progress;
  - provides a full audit trail of project data; and
  - linkages and dependencies between various projects in the portfolio can be viewed and managed more easily.
- **Consistency**
  - provides a robust and automated method of project assurance;
  - standardised templates and reports will offer more robust project controls; and
  - centralised repository for cost and risk management activities will provide a uniform approach.
- **Efficiency**
  - manual data input and manipulation is reduced;
  - standardised reports, documents and dashboards enable project teams and stakeholders to concentrate on delivery;
  - resource management allows for resource planning ahead of demand;
  - the organisation's ability to plan using future project deliverables is increased; and
  - lessons learned can be more easily understood and shared between stakeholders.
- **Focus on delivery**
  - aggregation of project data can identify trends in advance;
  - facilitates alignment of projects to corporate strategy; and
  - recommendations and actions to be carried out in a more structured and timely way.

Key metrics of information on performance will be reported at regular intervals from when a scheme enters Stage 2: Pipeline Development and will include income and expenditure, programme and top risks.

The individual project monitoring information will feed into an overall monitoring plan for WYCA funding, which will be reported to WYCA/LEP to enable effective management of all projects and programmes and schemes are being delivered.

All WYCA/LEP Board monitoring reports are published on WYCA and LEP websites.

### **Close and Review (Activity 7)**

The purpose of Activity 7 is to confirm that a project has met all key requirements and deliverables in accordance with the Funding Agreement and completed any outstanding compliance requirements highlighted during Activity 6 and in the Final Monitoring Report. Also, to capture feedback and lessons learnt to inform the development and delivery of future projects.

The output from Activity 6 at Decision Point 6 is a draft Project Closure Report.

The output from Activity 7 at Decision Point 7 is a Project Closure Report.

### **Benefits Realisation (Ongoing through Activities 6 and 7)**

All projects funded by WYCA and the LEP will be required to have an effective Benefits Realisation plan in place at the end of Activity 5, which will form a key aspect of a project's business case. Benefits Realisation reporting will be used to assess the effectiveness and impact of investing public funds and the extent to which projects are contributing to the overall objectives of WYCA and the LEP.

### **Growth Deal Monitoring and Evaluation Strategy**

A SEP Evaluation Strategy is in place and has been used to further assess how well and cost effectively schemes have delivered, and the learning points that have emerged.

The principles behind the Evaluation Strategy are that it is locally owned, managed and draws on local systems; it will be proportionate and selective (e.g. we will not evaluate everything) and we will work with partner LEPs and government to identify opportunities for thematic evaluations that could be conducted across LEP areas or centrally commissioned.

The Strategy, which draws on recognised evaluation techniques and methodologies (e.g. to determine net impact/understand economic impact, etc.), plays an important role in strengthening the evidence base in order to inform the future strategic direction of policy development and assist in the design and delivery of future policy by:

- **Establishing evaluation frameworks with supporting tools and templates:** such as the adoption of agreed indicators and measures, data collection procedures and reporting mechanisms;
- **Identifying benefits and impacts:** Establishing the outcomes and impacts of a given project or programme and understanding whether the project under/over performed;
- **Demonstrating value for money:** showing that the public funds (e.g. Local Growth Fund, Growing Places Fund, Regional Growth Fund, Enterprise Zone, etc.) the LEP, WYCA and partners are managing are being used effectively and efficiently and are delivering a positive return on investment; and
- **Understanding the key lessons learnt:** Exploring what is working well and what is not, including management, content, delivery, recruitment and how far projects or programmes are meeting beneficiaries' needs.

The strategy now requires updating, including work on methods/approaches, baselining, data collection, and the need to update the overarching impact framework. It is important to note that the overarching framework will need to incorporate inclusive growth metrics and indicators, to reflect the Local Inclusive Industrial Strategy currently being developed.

The strategy will be reviewed and updated over the next 6 – 12 months, to include: refinement of our overarching impact framework to incorporate inclusive growth metrics and indicators; a review of evaluation methods/approaches to ensure that they reflect and draw on new guidance on the recommended framework for evaluating local economic growth policies (e.g. <https://www.gov.uk/government/publications/evaluation-of-policies-for-local-economic-growth-scoping-study>); and updating programme/project level evaluation plans for the schemes that we intend to evaluate under each of the four SEP priorities (including identifying new schemes that may be subject to a local evaluation).

### **Five Year Gateway Review**

As part of the LCR Growth Deal agreement, the West Yorkshire Plus Transport Fund (WY+TF) will be subject to five-yearly Gateway Reviews to assess impact. The Government has indicated that the Gateway Review will focus on evaluating the progress and performance of the investment fund with economic growth becoming the primary measure for assessing impact.

An independent panel, as agreed with HM Government, has been established to undertake the Review. The first Gateway Review in 2019-20 will determine the availability of future Government payments for 2021-22 to 2024-25.

The evaluation component of individual WY+TF scheme's Benefits Realisation plans will need to complement the five-year Gateway Review. SQW has produced a local evaluation framework for the WY+TF, and is in the process of developing evaluation plans.

A review of the overall Monitoring & Benefits Realisation activity forms part of the Action Plan, and will advise on the development of an overarching Monitoring & Benefits Realisation framework.

### **5.3 Risk Management**

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

WYCA recognise that effective risk management is an integral part of good corporate governance and as such should be a part of everyday management processes. WYCA is committed to ensuring the robust management of risk and as such a Corporate Risk Management Strategy is in place to set out a consistent approach to all risk management activities undertaken throughout the organisation.. The Portfolio Management Office (PMO) will champion risk management in projects, programmes and portfolios, providing a management lead in these areas and ensuring that appropriate arrangements are maintained. The Head of PMO is has overall responsibility for the identification and management of project, programme and portfolio risk, but the day-to-day coordination of Corporate Risk management activities is undertaken by the Corporate Planning and Performance Manager and responsibility for management of risk sits with Directors, Heads of Services, and risk owners.

#### Identification and Assessment of Risk

Full project-level risk analysis and mitigation/contingency plans are required for each scheme as part of the application process and in developing the business case.

#### Monitoring Risk

Funding recipients are required to submit updated risk assessments including mitigations on a quarterly basis as part of the Monitoring and Reporting process.

Each funding programme produces a risk register, which will include escalated project risks. These are reviewed at each of the relevant funding programme management group.

A strategic risk register with mitigations and responsibilities at portfolio level is also produced and reviewed quarterly by the Portfolio Management Group.

Risks contained within the above mentioned risk registers can also be escalated to WYCA Directorate level risk registers or to the Organisation's Corporate Risk Register as needed.

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## Appendix 1 – Governance Structures

### West Yorkshire Combined Authority (WYCA): Membership

Members are appointed in accordance with the Order which established WYCA. This provides that West Yorkshire constituent councils appoint at least one Member to WYCA, with a further three West Yorkshire appointments to reflect the balance of political parties among the West Yorkshire councils.

York is a non-constituent Council of WYCA, and appoints one of its Members to be a WYCA Member, and the LEP also nominates one of its members to be a WYCA Member. These two Members are non-voting, except in so far as WYCA gives them voting rights.

Membership of WYCA is set out on WYCA website ([here](#))

### LEP Board

#### Role and Responsibilities

The LEP Board:

- Provides high quality leadership by:
  - setting the strategic direction for the sustainable economic growth of the Leeds City Region economy, as outlined in the Strategic Economic Plan (SEP), and
  - proposing key objectives and investment priorities to deliver the overall vision and strategy of the LCR LEP;
- Oversees the delivery of the SEP and through partnership with the private, public, voluntary and social enterprise bodies who all contribute to this aim;
- Leads the development of both existing and future Enterprise Zones in the Leeds City Region;
- Leads and coordinates funding bids and leverages funding from the private and public sector to support the delivery of agreed LCR LEP priorities;
- Works with WYCA to set the forward strategy for attracting new financial and business investment into the area;
- Jointly approves a Business Plan and performance reporting with the WYCA on its plans and the SEP;
- Influences key sub-regional, regional, national and international strategies;
- Publishes an annual report; and
- Provides a link to Government on all aspects of the LCR LEP's work.

### Membership

The LEP Board brings together business and council leaders to oversee and make strategic decisions related to our Strategic Economic Plan.

This approach to partnership working provides the best of both worlds: private sector expertise on what businesses need to grow, and democratic accountability for public sector investment.

Details about the current membership of the LEP Board, including their positions are set out on both the LCR LEP website [here](#), and WYCA website [here](#)

The LEP Board has a private sector Chair, and at least 50% of the rest of the members also come from the private sector. One member is appointed to represent and engage with the SME business community.

The LEP Board:

- appoints its private sector members, following open recruitment procedures;
- appoints its Chair and Deputy Chair;
- annually reviews its membership having regard to the skills, knowledge and competencies it needs, the geography of the Leeds City Region, its key business sectors and different sizes of business operation and its diversity statement – see further below; and
- has adopted a diversity statement explaining how the LEP looks to ensure diverse representation at Board and sub-group level which is reflective of their local business community (including geographies and protected characteristics). This is provided as Appendix 5.

### **WYCA Transport Committee**

In accordance with the policies and strategies set by WYCA, the Transport Committee meets on a regular basis to consider matters relating to WYCA transport functions. The committee has delegated authority to approve individual schemes within the Integrated Block of the Capital Programme, up to a maximum of £3m. In relation to transport-related investment, the Committee has a specific role in liaising with the West Yorkshire and York Investment Committee to promote the strategic alignment of regional transport funding investment.

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

### **West Yorkshire & York Investment Committee**

In relation to any function of WYCA relating to economic development and transport-led regeneration, the West Yorkshire and York Investment Committee<sup>5</sup> is authorised to:

- advise WYCA about any proposed funding submissions by the Authority; local financial strategies; and project management and delivery arrangements;
- advise WYCA on the adoption, application and review of a Single Appraisal Framework (Assurance Process) for schemes seeking funding from the Authority or the LEP<sup>6</sup>;
- review the impact of programmes funded by the Authority or the LEP and make recommendations to the Authority as appropriate;
- liaise with the Transport Committee to promote the strategic alignment of regional transport funding investment<sup>7</sup>; and
- advise the Authority about any other key issues affecting the discharge of these functions.

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

### **LCR Partnership Committee**

Not every Leeds City Region local authority is directly represented on the LCR LEP Board, (although those which are not may have representatives on LEP Panels or Advisory Committees).

The LCR Partnership Committee provides a forum to bring together representatives from all Leeds City Region local authorities. Its purpose is to facilitate direct collective engagement with WYCA, the key local authority arrangement supporting the LEP, as its accountable body.

The terms of reference provide for the Committee to advise WYCA in relation to any function of WYCA relating to its role as accountable body for funding allocated to the Leeds City Region (including the

<sup>5</sup> This is an advisory committee appointed under S102(4) Local Government Act 1972.

<sup>6</sup> Including gateway criteria for entry of schemes into the Assurance Process.

<sup>7</sup> This may be through holding joint meetings with the Transport Committee.

Local Growth Fund), including to ensure that decisions and activities of the LEP conform with legal requirements and that funds are used appropriately.

The terms of reference also provide for the Committee to act as a consultative forum on any matter referred to it by WYCA. This could include matters raised with WYCA (through the Chair), or by LCR authorities not represented on WYCA, as well as any raised by the LCR LEP Board.

Recommendations made by the LCR Partnership Committee may be referred to WYCA, or implemented under officer delegated authority. Where necessary, decisions may also be ratified by relevant authorities.

Six WYCA Members are on the Partnership Committee; one from each constituent West Yorkshire Council, alongside a WYCA Member appointed by the non-constituent council (York). The five Leaders of the City Region authorities not represented on WYCA are voting co-opted members of the Committee.

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

### **Business Investment Panel**

A Sub-Committee of the Investment Committee, this panel has a key advisory role in the decision-making process, and constitutes a fundamental part of the assurance process for the appraisal of business grants and loans, in particular carrying out due diligence.

Funding applications are considered by this Panel first, before making recommendations to the West Yorkshire & York Investment Committee.

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

### **Business, Innovation and Growth Panel**

Made up of representatives from the private sector, universities, policy-makers and delivery partners, this ensures that our work is driven by the needs of business. It advises WYCA and the LCR LEP in relation to business growth, including business support, innovation, digital, trade, and inward investment.

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

### **Employment and Skills Panel**

A panel that brings employers together with local authorities and skills providers. The panel advises WYCA and the LCR LEP in relation to projects to address skills gaps in the city region's key industry sectors, and create local leadership that drives improvements in skills and employment. Their work is driven by the needs of employers and the region's economy.

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

### **Green Economy Panel**

This Panel is a joint partnership between local government and private sector businesses in the region. The Panel oversees projects that are helping to develop a cutting-edge energy infrastructure for the region that will drive innovation and contribute to business growth. The Panel's main objective is to achieve a substantial and continued decrease in carbon emissions, while also increasing economic output and employment. The panel advises WYCA and the LCR LEP in relation to environmental sustainability and achieving a zero carbon economy in the Leeds City Region.

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

#### **Land and Assets Panel**

This Panel advises WYCA and the LCR LEP in relation to strategic land and asset management, housing growth, regeneration and place-making and any LCR enterprise zone.

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

#### **Business Communications Group (BCG)**

This group reports to the LEP Board. It is made up of spokespeople from key business representative organisations in the City Region. They play an active role in supporting business growth in the region by helping to coordinate effective communications between the LEP and the business community. They also act as an advisory group to the LEP Board; consulting with their members on barriers to growth and ensuring businesses are at the heart of everything we do.

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

The full list of membership can be found [here](#).

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## Appendix 2 – Assurance Process Principles for ESIF Sustainable Urban Development (SUD) Purposes

### Purpose

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

The Leeds City Region (LCR) Sustainable Urban Development (SUD) Strategy, which aims to address integrated urban challenges and opportunities in our area, was submitted to the Department for Communities and Local Government (DCLG) back in September 2015 and has now been formally agreed.

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

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

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

This Appendix presents the Leeds City Region Assurance Process as the model and framework that the WYCA will adopt in assisting in the selection of projects as part of the ESIF programme 2014-2020 for SUD.

### Background

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

### Introduction to Selection of Projects using the Assurance Process principles

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

The Investment Committee will provide advice to WYCA in line with the nationally agreed criteria and in line with the agreed and signed Memorandum of Understanding between WYCA and DCLG.

The Investment Committee will be asked to provide advice to WYCA to whether proposals set out at Outline and subsequently Full Application appropriately address:

**Local Strategic Fit** as defined in the Selection Criteria<sup>8</sup> for the ERDF 2014-2020 programme, which provides how:

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

In addition, WYCA will provide advice to DCLG on the following Value for Money and Deliverability selection criteria:

#### **Value for money**

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

#### **Deliverability**

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

#### **Using the Assurance Process Principles**

The Assurance Process is designed to ensure any projects seeking public finance should be subjected to a rigorous appraisal. HM Treasury has developed the Green Book which provides the basis for how projects should be appraised using the '5-cases model' to carry out a holistic assessment.

The 5-cases are:

1. **Strategic:** does the scheme fit with the aims of the City Region's Strategic Economic Plan? **(will be used for selection of projects for SUD as part of the ESIF Strategy)**
2. **Economic:** is the scheme value for money? **(will be used for selection of projects for SUD as part of the ESIF Strategy)**
3. **Commercial:** is there demand for the scheme and is it commercially viable?
4. **Financial:** is the scheme affordable and sustainable?
5. **Management:** is the scheme deliverable with achievable objectives? **(will be used for providing advice on the selection of projects for SUD as part of the ESIF Strategy)**

The Green Book details approaches and tools that can be adopted in order to effectively appraise projects. It is accepted that the detail and extent of appraisal should reflect the size and complexity of projects, but within all appraisals there should be some consideration of each of the 5-cases.

The Assurance Process has been developed in line with these principles and was a key requirement that emerged from the LEP's City-Deal. Discussions with HM Treasury are continuing to ensure alignment with central government processes and expectations. The Assurance Process will be used

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<sup>8</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/430594/ERDF\\_and\\_ESF\\_Selection\\_Criteria\\_200315\\_Published.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/430594/ERDF_and_ESF_Selection_Criteria_200315_Published.pdf)

by the LEP and WYCA for all of its different funding regimes, providing a consistent and robust approach to appraise projects. This means all projects, irrespective of objectives or thematic area (transport, regeneration, housing, skills, innovation, enterprise etc.), will be assessed under this 'single' framework. This will better able the LEP and WYCA to compare and prioritise projects and programmes.

It is the Assurance Process which will be used to form the basis for the 'local' appraisal and selection of SUD ESIF projects outside the formal DCLG assessment.

For the purposes of selecting SUD ERDF projects the key principles of the Assurance Process will be used – but only using cases 1, 2 and for advice case 3 as described above and in line with the nationally agreed criteria and the agreed and signed Memorandum of Understanding between WYCA and DCLG.

### **Strategic Fit – Proposed Scope**

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

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

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

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

### **Value for Money (VfM) - Economic Impact – Proposed scope**

In assessing the value for money of each of the projects it is proposed that the process effectively mirrors that of the Assurance Process. The approach will be one of ensuring that the costs and benefits of projects are taken into account and wherever possible quantified.

This will be more straightforward for some projects than others and there will be an onus on reflecting local intelligence and priorities. New jobs and catalytic projects are 'worth' more in some areas than others simply because there are fewer jobs or because it is more difficult to create and sustain jobs in certain locations. This is especially the case where disadvantage is long-term and entrenched.

The Research and Intelligence team own and manage the Regional Econometric Model, a complex tool that enables scenarios to be assessed in terms of their net economic impact. This will provide a range of outputs with a focus on impacts in terms of employment and gross value added (a measure of economic impact). These outputs can be calculated over a range of different geographies.

Other approaches could be used to quantify the outputs/outcomes that by their nature have a direct impact that is more social rather than economic.

In terms of the local assessment additional measures of value for money will be used where necessary to provide more information on the potential impact of projects. Such measures and ratios will include:

- Total GVA of the project;
- Ratio of GVA to Total Cost AND public sector support;
- Total cost per job;
- Total GVA per job;
- Cost benefit ratio;

- Grant per job;
- Cost per business assist ;
- Cost per skill outcome; and
- Capital / build costs.

The appraisal will be informed and supported by national and local research in terms of the costs of outputs and outcomes. This will include elements such as guidance issued by OFFPAT, evaluations of RDA activity and more recent, evidence emerging from the What Works Centre for Local Economic Growth and bespoke evaluations such as that carried out on WYCA's Business Growth Programme (BGP).

### **Undertaking the work**

Within WYCA a new 'One Organisation' restructure has recently taken place. Within the new structure the responsibility of the Assurance Process is the responsibility of the Director of Delivery, to whom a Head of Feasibility and Assurance reports.

The Head of Feasibility and Assurance will commission the Head of Research and Intelligence (under the Director of Policy, Strategy and Communication), to undertake the appraisal work on local strategic fit and economic - Value for Money (VfM). The appropriate policy lead will also support the approach, under the supervision of the Head of Research and Intelligence, to provide the advice that will be considered and discussed by the West Yorkshire & York Investment Committee. This in turn, will lead to recommendations to WYCA to make decisions on the selection of operations.

### **Reporting**

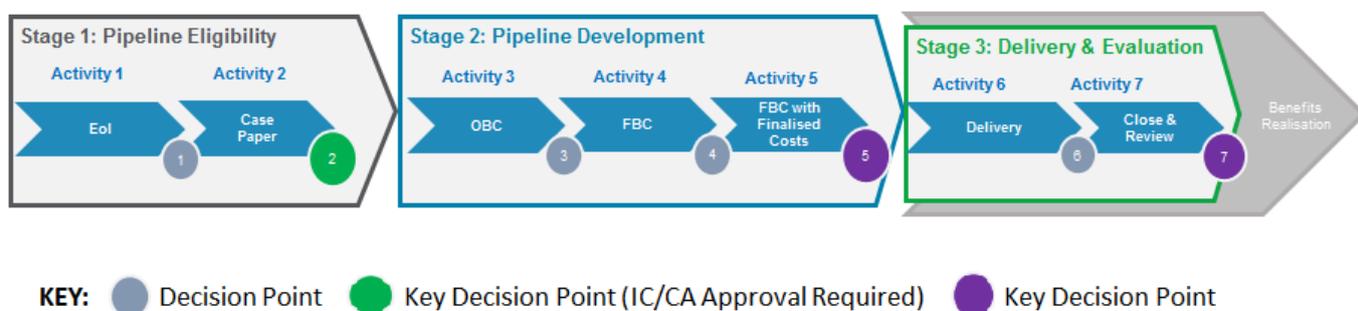
The results from the appraisal will be presented in a summary assessment report, provided by DCLG, alongside DCLG's own formal technical assessment. This will provide an insight into the strengths and weaknesses, bringing together the metrics and other qualitative and quantitative information.

## Appendix 3 – Programme Appraisal Team (PAT) Terms of Reference

### 1. Introduction

- 1.1. The Programme Appraisal Team (PAT) are WYCA officers who oversee the Assurance Process as projects/programmes progressing through it.
- 1.2. The Assurance Process is part of the Leeds City Region Local Assurance Framework (2017).
- 1.3. The PAT is an internal assurance group and has no formal approval making powers. The PAT make recommendations which are then reported through the current WYCA governance arrangements for a formal decision/approval.

**Figure 1: WYCA Assurance Process**



### 2. Objectives of the PAT

- 2.1. Ensure the Leeds City Region Local Assurance Framework principles are applied consistently at all stages of the Assurance Process and to facilitate the progress of projects through Decision Points. This will include:
  - a) Receiving and reviewing project Case Papers and Appraisal Reports from Case Officers and considering Case Officer recommendations at Decision Points.
  - b) Requesting further information/clarifications as appropriate to facilitate recommendations and approvals in accordance with delegations.
  - c) Ensuring that appropriate levels of appraisal, including peer consultation and review, has been undertaken as part overall scheme appraisal.
  - d) Providing Decision Point recommendations/approvals in accordance with delegations.
  - e) Recommending PMO Pathway for projects/programmes once accepted into Stage 2: Pipeline Development.

- f) Receiving and reviewing Exception Reports for projects/programmes where a change falls outside of set tolerances in order to make recommendations in accordance with delegations.
- g) Provide an interface between Leadership Team, Case Officers, and key partners/stakeholders to escalate matters where required, and report to Senior Leadership Team where a decision requires Managing Director approval

### 3. **How the PAT will operate**

#### **PAT Membership:**

- 3.1. The PAT consists of a core membership representing WYCA policy/strategy, delivery, legal, and financial functions.
- 3.2. Meetings will be chaired by the Director of Delivery.

**Table 1: PAT Membership**

<b>Role on the PAT</b>	<b>Responsibilities on the PAT</b>	<b>Suggested Membership</b>
Director	Chair – to oversee the PAT	Director of Delivery
Feasibility & Assurance	Vice-Chair – to oversee the PAT in absence of the Chair To ensure the principles of the LCR Local Assurance Framework are adhered to. In particular being responsible for the robustness of the Assurance Framework and it's conformity with Green Book (and components of this such as Webtag)	Head of Feasibility & Assurance
Transport Policy	To ensure Projects/Programmes meet SEP Objectives in relation to transport.	Head of Transport Policy
Economic Policy	To ensure Projects/Programmes meet SEP Objectives in relation to economics.	Head of Economic Policy
Finance	To oversee any financial matters	Head of Finance
Legal	To oversee any legal matters	Head of Legal and Governance Services
Research and Intelligence	To ensure all Projects/Programmes are following a robust, effective and proportionate monitoring & evaluation to ensure Project/Programme outcomes and benefits meet SEP Objectives.	Head of Research and Intelligence
PMO	To ensure the principles of the LCR Local Assurance Framework are adhered to. In particular being responsible for the Assurance Process and making sure Projects/Programmes are following the Process and WYCA Governance appropriately.	Head of PMO

#### **PAT Attendance:**

- 3.3. The PMO will provide secretariat services to the PAT

3.4. Case Officers, independent technical advisers, peer group representatives (including representatives from partner authorities and/or third party private businesses) and other attendees as required will attend the PAT to supplement the decision making process.

3.5. The PAT also plays an on-going role in refining and developing the Assurance Processes to improve how it is implemented and in operationalising the Assurance Framework.

### **Meeting Format**

3.6. The PAT will meet on a regular cycle (monthly or more frequently subject to the programme) with an agenda based around the Assurance Process Activities. Projects/programmes being discussed at the PAT will be allocated time slots in which discussion and recommendations will be made.

3.7. Promoters will attend meetings by invite only. Where a Promoter does attend to present their scheme, they will only be present to their allotted time slot. They will be asked to leave the meeting in advance of any recommendation being made by the PAT.

### **Records of Meetings**

3.8. Meetings will be minuted, with draft minutes being circulated to the PAT members after a meeting has taken place. The minutes will be formally agreed and considered signed off at the following meeting.

3.9. Actions and recommendations relating to each specific project/programme being discussed will be captured and communicated to Case Officers and Promoters separate to the official minutes.

### **Conflict of Interest**

3.10. Where conflict of interest issues arise during a meeting e.g. scheme comes forward for discussion which member of the PAT is the Senior Responsible Officer for, the SRO will leave the meeting and won't be part of any discussions and recommendations in relation to their scheme. Where this happens, this will be minuted.

### **Making Recommendations**

3.11. The PAT's recommendations will depend on the Decision Point for any given scheme summarised in the Leeds City Region Local Appraisal Framework.

3.12. The PAT may recommend a scheme to not progress through a Decision Point or for additional information in order for a scheme to progress at any given Decision Point.

3.13. All PAT Recommendations are reported through the current WYCA governance arrangements for a formal decision/approval.

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## GLOSSARY

<b>ASR</b>	<p><b>Appraisal Specification Report:</b></p> <p>A report produced by the scheme promoter, in conjunction with WYCA, setting out the agreed approach to appraisal of the scheme, as part of the Assurance Process.</p>
<b>AST</b>	<p><b>Appraisal Summary Table:</b></p> <p>A summary of the key consequences relating to the environmental, economic and social impacts of a trunk road scheme. They are used to help determine which schemes should proceed and if they do, to decide which options to choose.</p>
<b>BCG</b>	<p><b>Business Communications Group:</b></p> <p>A group of people made up of key representatives from organisations in the City Region. They support business growth and act as an advisory group to the LEP Board.</p>
<b>BCR</b>	<p><b>Benefit Cost Ratio:</b></p> <p>An indicator used in cost-benefit analysis that attempts to summarise the overall value for money of a project or proposal.</p>
<b>BEIS</b>	<p><b>Business, Energy and Industrial Strategy:</b></p> <p>A ministerial department supported by 47 agencies and public bodies. It brings together responsibilities for business, industrial strategy, science, innovation, energy and climate change.</p>
<b>BGP</b>	<p><b>Business Growth Programme:</b></p> <p>The department for Business, Energy &amp; Industrial Strategy set up grants for businesses that meet certain requirements. Businesses can apply to the Leeds City Region LEP to obtain these grants.</p>
<b>BIG</b>	<p><b>Business Innovation and Growth Panel:</b></p> <p>The panel consists of senior councillors from key businesses and representative bodies across the City Region. The panel reports to the LEP Board and WYCA.</p>
<b>CBA</b>	<p><b>Cost Benefit Analysis:</b></p> <p>A systematic approach to estimating the strengths, weaknesses and alternatives for a decision to be made. It involves adding up the benefits of a course of action and then comparing these with the costs associated with it.</p>
<b>CSF</b>	<p><b>Critical Success Factors:</b></p> <p>A management term for an element that is necessary for an organisation or project to achieve its goals.</p>
<b>DCLG</b>	<p><b>Department for Communities and Local Government:</b></p> <p>A ministerial department supported by 11 agencies and public bodies. They create places to live and work and give more power to local people to shape what happens in their area.</p>

<b>DfT</b>	<p><b>Department for Transport:</b></p> <p>A ministerial department supported by 19 agencies and public bodies. They would work with agencies and partners to support the transport network and plan and invest in transport infrastructure.</p>
<b>DoD</b>	<p><b>Directors of Development:</b></p> <p>The Directors of Development and Delivery from across all LCR authorities and WYCA.</p>
<b>EoI</b>	<p><b>Expression of Interest:</b></p> <p>A document that describes the potential project/ programme requirements and/ or specifications detailing how they would be met.</p>
<b>ERDF</b>	<p><b>European Regional Development Fund:</b></p> <p>Aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions. The ERDF focuses its investments on several key priority areas and is designed to reduce economic, environmental and social problems in urban areas.</p>
<b>ESIF</b>	<p><b>European Structural and Investment Funds:</b></p> <p>Includes money from the European Social Fund, European Regional Development Fund and European Agricultural Fund for Rural Development. They apply to projects backed by the ESIF.</p>
<b>EU</b>	<p><b>European Union:</b></p> <p>An association of European nations formed in 1993 for the purpose of achieving political and economic integration. Incorporating the European Community, the European Union's member states are Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom. In 2016 the United Kingdom voted by referendum to withdraw from membership in the European Union.</p>
<b>EZ</b>	<p><b>Enterprise Zone:</b></p> <p>An area in which state incentives such as tax concessions are offered to encourage business investment.</p>
<b>FBC</b>	<p><b>Full Business Case:</b></p> <p>A Business Case provides justification for undertaking a project or programme. It evaluates the benefit, cost and risk of alternative options and provides a rationale for the preferred solution.</p>
<b>GPF</b>	<p><b>Growing Places Fund:</b></p> <p>Funding from the Department for Communities and Local Government that supports key infrastructure projects designed to unlock wider economic growth, create jobs and build houses in England. This fund comprises of £730 million.</p>
<b>GVA</b>	<p><b>Gross Value Added:</b></p> <p>Measures the contribution made to the economy and is a key indicator of the state of the whole economy. It measures the value of goods and services produced in an area.</p>

<b>Green Book</b>	HM Treasury guidance for public sector bodies on how to appraise proposals before committing funds to a policy, programme or project.
<b>HCA</b>	<b>Homes and Communities Agency:</b> A non-departmental public body that is sponsored by the Department for Communities and Local Government. HCA helps create successful communities by making more homes and business premises available to the residents and businesses who need them.
<b>HMT</b>	<b>Her Majesty's Treasury:</b> The government's economic and finance ministry, maintaining control over public spending, setting the direction of the UK's economic policy and working to achieve strong and sustainable economic growth.
<b>LCC</b>	<b>Leeds City Council:</b> The Local Authority of the City of Leeds in West Yorkshire. It is one of the five metropolitan district councils in West Yorkshire.
<b>LCR</b>	<b>Leeds City Region:</b> Encompasses the eleven Local Authority areas of Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York along with North Yorkshire County Council.
<b>LEP</b>	<b>Local Enterprise Partnership:</b> Locally-owned partnerships between Local Authorities and Businesses. They play a central role in deciding local economic priorities and undertaking activities to drive economic growth and create local jobs.
<b>LGF</b>	<b>Local Growth Fund:</b> Growth Deal funding provided to Local Enterprise Partnerships for projects that benefit the local area and economy.
<b>LTP</b>	<b>Local Transport Plan:</b> Identify priorities for maintaining and improving local transport systems based on the needs and wants of resident and organisations in the region, and put forward plans of how they will be achieved. These improvements are then given funding to be put into action.
<b>MD</b>	<b>Managing Director:</b> The person who is in overall charge of the running of an organisation or business.
<b>NPV</b>	<b>Net Present Value:</b> The difference between the present value of the future cash flows from an investment and the amount of investment. NPV is used to analyse the profitability of a projected programme or project.
<b>Nolan Principles</b>	The seven principles of public life, which are the basis of the ethical standards expected of public office holders.
<b>OBC</b>	<b>Outline Business Case:</b> This sets out the preliminary thoughts regarding a proposed project/ programme. It contains information needed to help make a decision regarding the implementation of the project/ programme such as envisaged outcomes, benefits and potential risks associated.

<b>Orange Book</b>	HM Treasury guidance for public sector bodies on risk management.
<b>PAT</b>	<b>Programme Appraisal Team:</b> A team formed to ensure compliance with the assurance framework. It is a formal group of WYCA officers who oversee the Assurance Process.
<b>PCR</b>	<b>Project Closure Report:</b> The final document produced for the project and is used by senior management to assess the success of the project, identify best practice for future projects, resolve all open issues and formally close the project.
<b>PIMS</b>	<b>Portfolio Information Management System:</b> A management system used to provide transparency, consistency, efficiency and focus on delivery.
<b>PMO</b>	<b>Portfolio Management Office:</b> The office that prioritises and controls an organisations projects and programmes in line with its strategic objectives and capacity to deliver.
<b>QRA</b>	<b>Quantified Risk Assessment:</b> A structured approach to identifying and understanding the risks associated with hazardous activities. The assessment takes inventory of potential hazards, their likelihood and consequences.
<b>RAG</b>	<b>Red, Amber and Green rating:</b> Also known as the traffic light system and used as a visual cue to project performance.
<b>REM</b>	<b>Regional Econometric Model:</b> Incorporates aspects of four major modelling approaches; Input- Output, General Equilibrium, Econometric, and Economic Geography. It estimates the changes in total regional income and employment.
<b>SEP</b>	<b>Strategic Economic Plan:</b> A long-term plan that shows how the LEP and Local Authorities will grow the economy and how its ambitions will be achieved.
<b>SME</b>	<b>Small and Medium Enterprises:</b> A company is defined as an SME if it has a staff headcount of either <50 (small) or <250 (medium sized). The company also needs to have a turnover or balance sheet total of ≤€10m (small) or ≤€50m (turnover) or ≤€43m (balance sheet) (medium). They represent 99% of all businesses in the EU and can be eligible for support (research funding, innovation funding etc.) and can have reduced fees for EU administrative compliance.
<b>SUD</b>	<b>Sustainable Urban Development:</b> The development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Urban development should be guided by a sustainable planning and management vision that promotes interconnected green space, a multi-modal transportation system, and mixed-use development
<b>UDM</b>	<b>Urban Dynamic Model:</b>

	A simulation of how transport interacts with population, employment and land-use over long periods of time, typically ten years or more. It helps understand how transport could contribute to economic regeneration.
<b>VfM</b>	<b>Value for Money:</b> The most advantageous combination of cost, quality and sustainability to meet customer requirements.
<b>WebTAG</b>	<b>Web-based Transport Appraisal Guidance:</b> Guidance on the conduct of transport studies. It provides advice on how to set objectives and identify problems, develop potential solutions, create a transport model for the appraisal of the alternative solutions and how to conduct an appraisal which meets the department's requirements.
<b>West Yorkshire Transport Levy</b>	An annual levy on the West Yorkshire authorities, which is used to invest in priority projects/programmes across West Yorkshire, helping to deliver a number of key transport priorities.
<b>WYCA</b>	<b>West Yorkshire Combined Authority:</b> A type of local authority exercising transport functions and economic development functions over five West Yorkshire districts; Bradford, Calderdale, Kirklees, Leeds and Wakefield. It is the accountable body for the Leeds City Region LEP.

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**Director:** Angela Taylor, Director of Resources  
**Author:** Louise Porter



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**Report to:** Governance and Audit Committee

**Date:** 25 January 2018

**Subject:** Risk Update

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## 1 Purpose

- 1.1. This report provides an update on the work that is currently underway to finalise the Corporate Risk Management Strategy and also presents the current position with regard to Corporate Risk issues.

## 2 Information

- 2.1 As previously reported to Governance and Audit Committee, work has recently been undertaken to review and update WYCA's corporate risk management arrangements. Routine consideration of the risk management approach is vital to ensure that the organisation remains proactive in identifying risks and managing these in a timely manner.
- 2.2 The Governance and Audit Committee considered the Draft Corporate Risk Management Strategy and the Corporate Risk Register at their meeting in November and provided feedback on these. The progress made in relation to the comments received can be summarised as follows:
- Further work has taken place with the Portfolio Management Office (PMO) to ensure that the Corporate Risk Management Strategy covers, and is integrated with, project programme and portfolio risk management arrangements;
  - Work is taking place with the Internal Audit Team to ensure that there is a clear link between corporate objectives/risks and the development of Internal Audit activities;
  - The risk relating to the introduction of the General Data Protection Regulations (GDPR) legislation has been incorporated into the Corporate Risk Register as a separate item;
  - The Draft Risk Management Strategy and Corporate Risk Register have been shared with the LEP Board at their meeting of 16 January 2018.
- 2.3 A copy of the current Corporate Risk Register is provided at **Appendix 1**.
- 2.4 As outlined above, the Corporate Risk Register includes the addition of a new risk relating to GDPR legislation. The Governance and Audit Committee will consider a separate report on WYCA's preparations for the GDPR legislation under agenda item 13. This separate report sets out, in detail, the various mitigation actions being implemented to address the identified risk.

2.5 Following the November meeting of the Governance and Audit Committee, engagement has taken place with a number of officer groups on the revised arrangements for corporate risk management. This has been undertaken in parallel to the ongoing business and budget planning process, which has involved the consideration of key risks for each Directorate, alongside proposed business priorities and associated budget requirements. As a result of this work the key risk areas which can be drawn from the emerging business plan and supporting budget proposal have been identified and are currently being considered as part of this process.

2.6 WYCA will receive a report at their meeting on 1<sup>st</sup> February on the proposed 2018/19 budget and business planning priorities for WYCA. Once this process is concluded, the Corporate Risk Register will be further updated to reflect the outcomes of these discussions and will be baselined for reporting purposes. It is then intended that a standing report on corporate risk will be brought to Governance and Audit committee and this will focus on reporting against key changes to corporate risk during each period. It is noted that reporting will also take place to WYCA as discussed at the last meeting of this Committee and that this will include arranging a risk workshop.

### **3 Financial Implications**

3.1 None arising directly from this report

### **4 Legal Implications**

4.1 None arising directly from this report

### **5 Staffing Implications**

5.1 None arising directly from this report

### **6 External Consultees**

6.1 None.

### **7 Recommendations**

7.1 That Governance and Audit Committee note the content of this report and the Corporate Risk Register as provided at Appendix 1.

### **8 Background Documents**

8.1 None.

**Appendix 1: Corporate Risk Register**

Current Date: 04 January 2018  
 Current Version: v0.02

ID	Date raised	Type	Description	Cause	Consequences	Probability	Impact	Rating	Rating at Last Review	Existing Controls	Action Countermeasure and Owner	Risk Owner	Last Review Date	Status
CS1	04/08/17	Communication/Stakeholder Management	Failure to properly communicate the purpose of WYCA/LEP to internal and external stakeholders	Poor communications Lack of identity / brand	WYCA/LEP reputation harmed Poor relationships Low staff morale Lack of progress in delivery	Possible	Moderate	High risk	Medium risk	1. New communications team established 2. Brand / identity project in progress to address this	1. Complete brand / identity project - Comms team	Director of Policy, Strategy & Comms	04/01/18	Open
F1	03/08/17	Financial	Failure to secure enhanced funding and devolved powers	Unsuccessful devolution deal	Failure to meet WYCA's vision and objectives Poor WYCA/LEP reputation	Possible	Highly Significant	Very high risk	High risk	1. Devolution discussions continuing as a key organisational priority	1. Continue devolution discussions taking account of recent developments in South Yorkshire	Director of Policy, Strategy & Comms	04/01/18	Open
F2	14/11/17	Financial	Failure to secure continued funding for key economic services including the Growth Service, Skills Service, Apprenticeship support and Enterprise in Education programmes;	Current funding sources due to expire	reductions to service withdrawal of services reputational failure to meet objectives	Possible	Highly Significant	Very high risk	NEW	1. BEIS is currently negotiating with HMT to secure additional funding for post April 18 2. Business Rates Pool application submitted in August 17	1. Regularly review funding opportunities 2. Lobbying activities	Executive Head of Economic Services	04/01/18	Open
F3	14/11/17	Financial	National and local investment in the Inclusive Industrial Strategy is insufficient to make the transformational change we need	National strategy does not meet expectations Local strategy does not meet Government aspirations	Limited funding opportunities negative impact on Devolution discussions Reputational	Possible	Major Disruption	High risk	NEW	1. Ongoing dialogue with Government	1. Continued development of draft strategy	Director of Policy, Strategy & Comms	04/01/18	Open
HR1	03/08/17	Human Resources	Failure to have in place the capacity and resources to deliver the increased workload	WYCA structure not fit for purpose Unable to recruit	Poor WYCA/LEP reputation Lack of progress in delivery Low staff morale Risk of no further funding from government	Possible	Major Disruption	High risk	Medium risk	1. One Organisation Change programme has identified new organisational structures to address this and these are now largely implemented	1. Complete implementation of One Organisation Change programme - Corporate Planning and Performance 2. Complete recruitment - Directors	Director of Resources	04/01/18	Open
PC1	03/08/17	Partnerships/Commercial	Failure to develop appropriate working arrangements with districts	Poor relationships Unclear vision and objectives	Worsening relationships WYCA/LEP reputation harmed Lack of progress in delivery	Unlikely	Major Disruption	High risk	Medium risk	1. Work to strengthen key partnerships being led by policy teams 2. Assurance process implemented and contributing towards more consistent working arrangements on the delivery of projects and programmes with districts	1. Continue to strengthen key partnerships - policy teams 2. Embed assurance process - PMO	Director of Policy, Strategy & Comms	04/01/18	Open
R2	14/11/17	Regulatory/Legal	Risk of legal challenge as a result of not being compliant with regard to HR, Financial, procurement and Governance Legislation	Policies and procedures not followed correctly Processes not understood/embedded	Reputational Financial loss	Unlikely	Major Disruption	High risk	NEW	1. Policies and processes in place 2. Training undertaken	1.Continued review of policies and procedures	Director of Resources	04/01/18	Open
R3	28/11/17	Regulatory/Legal	Risk of financial penalty/legal proceedings as a result of not being compliant with the new GDPR regulations when they come into force in May 2018	New GDPR legislation requires significant changes to be introduced in limited timeframe DPO appointed but not in post until February 2018	Financial loss Reputational damage	Possible	Major Disruption	High risk	NEW	1. LCC have undertaken and audit on our behalf and action plan has been identified 2. Working group set up to implement action plan 3. Training rolled out to all staff	1. continued review of progress against action plan	Director of Resources	NEW	Open
SD1	26/07/17	Service Delivery/Service User Risk	Failure to deliver WYCA objectives and outcomes to demonstrate that WYCA/LEP is making a difference		Poor WYCA/LEP reputation Lack of progress in delivery Low staff morale Risk of no further funding from government	Unlikely	Highly Significant	High risk	Medium risk	1. One Organisation programme is delivering structure and process changes designed to deliver key organisational objectives	1. Complete One Organisation programme to deliver structure and process changes - Directors	Director of Resources	04/01/18	Open
SD3	14/11/17	Service Delivery/Service User Risk	Failure to meet spend targets on Growth Deal	Lower capacity in Districts Recruitment and retention challenges Unforeseen project specific issues	Reputational loss of funding failure to meet objectives	Possible	Highly Significant	Very high risk	NEW	1. Significant monitoring and controls in place through PMO	1. Call for projects to ensure healthy pipeline of projects/programmes	Director of Delivery	04/01/18	Open
SS1	14/11/17	Safety/Security	Risk of Major incident at WYCA facility, accident or injury to vulnerable person(s)	Policies and procedures not followed correctly Incident outside the control of WYCA affecting facility	Danger to Human Life Financial loss Reputational damage disruption to services	Possible	Highly Significant	Very high risk	NEW	1. policies, procedures and processes in place 2. staff training 3. Ongoing review of Health and Safety risks	1. Working with district emergency planning units to share knowledge and develop joint plans 2. Continued working with police on preventative measures	Director of Transport Services	04/01/18	Open

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**Director: Angela Taylor**  
**Author:** Adam Grindrod (IG Officer) /  
Caroline Allen (Head of Legal & Governance  
Services)



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**Report to:** Governance and Audit Committee

**Date:** 25 January 2018

**Subject:** GDPR Update

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## **1 Purpose**

- 1.1 To provide an update on the approach that WYCA has developed, to ensure compliance and readiness prior to the implementation of the General Data Protection Regulation (GDPR) on 25 May 2018.

## **2 Background**

- 2.1 A key consequence of the 'One Organisation' programme of bringing together the different arms of the previous Integrated Transport Authority and Metro, WYCA and the LCR Enterprise Partnership officer structure into a consistent and cohesive corporate body has been the need to roll out a corporate set of policies and processes that work effectively for all parts of the business. Information governance (IG) in its broadest sense underpins this and is an area that has been identified as requiring development to reflect the aims and needs of the new organisation. A high level largely desk top IG assessment was undertaken in 2016 by Leeds City Council in partnership with WYCA officers in order to provide a baseline for a more focussed piece of work.
- 2.2 This piece of work in turn resulted in the establishment of an IG Project Team which has led on this agenda, implementing a number of more immediate actions (referenced further below) including the commissioning of a more detailed IG audit in June/July 2017 to assess not only WYCA's IG generally but also the actions needed in preparation for the implementation of GDPR. This audit concluded with a total of 55 recommendations for change/improvement and also resulted in the production of a high level Information Asset Register which for the first time sets out in one document all of the primary sets of information held across the organisation. This is a significant piece of work which provides the foundations for many of the tasks required on the lead up to GDPR.

## **3 Overview of Roles and Responsibilities**

- 3.1 The Resources Director is WYCA's appointed Senior Information Risk Officer (SIRO) who is championing information risk within the organisation, to reinforce to all employees the importance of Information Governance and encourage the Leadership Team and Senior Managers to do likewise. The SIRO role has also been incorporated

into the Risk Management strategy and governance structure, to establish and maintain an appropriate risk appetite with proportionate boundaries and tolerances.

- 3.2 In addition, further resource has been created within the Legal & Governance Services team through the introduction of the role of IG Officer (appointed January 2017) and the role of Data Protection Officer for which an appointment has been made and the post will be taken up on 19 February 2018. This latter post will be responsible for developing and overseeing the CA's Information Governance strategy and its implementation, and will lead on ensuring compliance with GDPR requirements.
- 3.3 All Heads of Service (i.e. senior managers who report to a Director) have been appointed Information Asset owners, responsible for all information and assets obtained, managed, processed and held by WYCA. In addition, GDPR compliance and Information Governance is now a standing agenda item on the Heads of Service Monthly meeting.
- 3.4 Leadership Team also receive regular progress reports and the IG project is monitored by the One Organisation Programme Board as a key corporate project.

#### **4 GDPR – Key Actions to Date**

- 4.1 Significant preparatory steps have been taken to date, although it is recognised that there is further work to do. The two appendices to this report seek to provide an update albeit at a high level as to the current state of readiness at the present time, Appendix 1 is an extract from a document produced by the Information Commissioner's Office (ICO) which breaks down the tasks into 12 areas of focus. The table attached as Appendix 2 to this report provides an overview of the key actions taken to date and those yet to be undertaken assessed against each of the 12 ICO headings. Sitting behind this overview is a detailed action plan, based on the 55 recommendations of the IG Audit, with owners and target dates etc. owned and monitored by the IG Project Team and reported on to the One Organisation Board.
- 4.2 Significant steps taken to date which are worth highlighting include the following:-
- 4.3 The Information Asset Register has been developed since its initial production in July 2017 and is now designed to check and record GDPR compliance in programmes, projects and service areas. This will enable the appointed Data Protection Officer to complete a full gap analysis to ensure compliance when GDPR comes into effect in May 2018. This includes: Privacy Notices, Right to Erasure, Consent Wording, Privacy Impact Assessment, Children's Data, Data Breach and Incident reporting, Information Sharing Agreements and Data Processing Agreements. It is intended that this tool will provide a central location to act as the primary evidence base in relation to changed working practices. Guidance is currently being developed to roll out to Information Asset Owners (namely Heads of Service) to ensure that the organisation as a whole understands the new responsibilities that will flow from GDPR and plays

its part in embedding the changed practices and new processes into business as usual.

- 4.4 A suite of Information Governance related policies have been adopted and implemented across the organisation within the last 9 months including:-
- Data Protection Policy
  - FOI and EIR Policy/Process
  - Information Governance Policy
  - Information Sharing Policy
  - Subject Access Request Policy/Process
  - Records Management, Retention and Disposal Policy
  - Data & Systems Security Incident policy
- 4.5 Mandatory data protection training was rolled out for all employees between June and September 2017 and the new starter's induction process has been revised to ensure data protection training is undertaken within 2 weeks of commencing employment.
- 4.6 A series of exercises to raise awareness of GDPR implications continue to be rolled out to employees to remind them of their responsibilities to protect data and assets, highlight the risks to information assets and to embed a culture whereby employees can identify and understand the consequences and impacts of information losses or data breaches.
- 4.7 A process of reviewing and destroying information which the organisation should no longer hold is underway in relation to archived information and a relationship has been established with the West Yorkshire Archive Service resulting in the transfer of a significant amount of hard copy information for permanent preservation with future transfers agreed.
- 4.8 A dedicated Information Governance intranet mini-site is about to be launched which provides clear guidance on defining personal data and the importance of protecting it. The site signposts to Information Governance policies, clear and concise guidance on roles and responsibilities and holds an array of support and guidance available including links to the ICO website. The site also provides GDPR check lists and contacts in the ICT team and Information Governance Officer for direct, bespoke GDPR advice. Any measures or changes carried out to the site will be monitored, recorded and audited by the Information Governance Officer and will enable any new notices and agreements to be stored centrally for quick reference, in preparation for any audit, either internal or by an external party, and all activity recorded in our Information Asset Register in one central record.

## **5 Further steps**

- 5.1 As set out in Appendix 2, further work is still required between now and May and inevitably thereafter. The detailed action plan will be used to track progress and to monitor risk. It is recognised that the additional expertise and capacity of the Data

Protection Officer will provide an invaluable additional resource to ensure that the project continues at pace. One of the key early tasks for the DPO will be to use both the results from the Leeds City Council audit and the results from the Information Asset Register gap analysis to inform and develop future activity and ensure that WYCA's processes and procedures are GDPR compliant ahead of 25 May 2018. Ongoing monitoring and control of Information Risks will take place via the Risk Management Strategy and Corporate Risk Register.

## **6 Financial Implications**

- 6.1 Following the gap analysis by the Data Protection Officer, any additional resource needed to ensure GDPR compliance will be determined. Potentially this could involve short term external support to fully review systems and procedures to ensure risks are minimised and prevent potential fines by the ICO for data protection breaches, which as of 25 May 2018, could be up to €20 Million.

## **7 Legal Implications**

- 7.1 Non-compliance with the GDPR could potentially lead to personal data being processed unlawfully which could lead to claims against the organisation, as well as reputational damage.

## **8 Staffing Implications**

- 8.1 No additional impact. New roles in place.

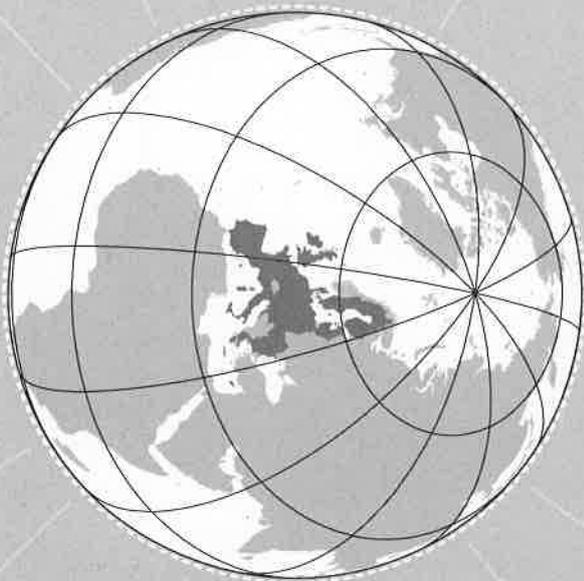
## **9 External Consultees**

- 9.1 None although Leeds City Council has provided support/critical friend input as identified in the report.

## **10 Recommendations**

- 10.1 That Governance and Audit Committee note the approach that WYCA has developed, to ensure compliance and readiness prior to the implementation of the General Data Protection Regulation (GDPR) on 25 May 2018 and provide any feedback on this.

# Preparing for the General Data Protection Regulation (GDPR) 12 steps to take now



**1 Awareness**

You should make sure that decision makers and key people in your organisation are aware that the law is changing to the GDPR. They need to appreciate the impact this is likely to have.

**2 Information you hold**

You should document what personal data you hold, where it came from and who you share it with. You may need to organise an information audit.

**3 Communicating privacy information**

You should review your current privacy notices and put a plan in place for making any necessary changes in time for GDPR implementation.

**4 Individuals' rights**

You should check your procedures to ensure they cover all the rights individuals have, including how you would delete personal data or provide data electronically and in a commonly used format.

**7 Consent**

You should review how you seek, record and manage consent and whether you need to make any changes. Refresh existing consents now if they don't meet the GDPR standard.

**8 Children**

You should start thinking now about whether you need to put systems in place to verify individuals' ages and to obtain parental or guardian consent for any data processing activity.

**9 Data breaches**

You should make sure you have the right procedures in place to detect, report and investigate a personal data breach.

**10 Data Protection by Design and Data Protection Impact Assessments**

You should familiarise yourself now with the ICO's code of practice on Privacy Impact Assessments as well as the latest guidance from the Article 29 Working Party, and work out how and when to implement them in your organisation.

**11 Data Protection Officers**

You should designate someone to take responsibility for data protection compliance and assess where this role will sit within your organisation's structure and governance arrangements. You should consider whether you are required to formally designate a Data Protection Officer.

**12 International**

If your organisation operates in more than one EU member state (ie you carry out cross-border processing), you should determine your lead data protection supervisory authority. Article 29 Working Party guidelines will help you do this.

**6 Lawful basis for processing personal data**

You should identify the lawful basis for your processing activity in the GDPR, document it and update your privacy notice to explain it.

**5 Subject access requests**

You should update your procedures and plan how you will handle requests within the new timescales and provide any additional information.

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ICO Guidance – 12 Steps	Actions Taken to Date	Actions To Be Completed
1. Awareness	<p>Leadership Team and one Organisation Programme Board receive regular updates on the organisation’s preparations for GDPR implementation.</p> <p>Briefing sessions (including 1<sup>st</sup> Weds club) have been held with staff and Heads of Service (HoS) regarding what the organisation needs to do to be compliant with GDPR as well as what actions HoS need to take in each of their service areas.</p> <p>GDPR is a standing agenda item on the monthly HoS meetings</p> <p>Focused briefing sessions have been held with those Service areas more directly affected.</p>	<p>WYCA is about to launch a new IG &amp; GDPR mini-site on the intranet which will provide regular updates and guidance documentation to assist staff in their duties.</p>
2. Information you Hold	<p>In June/July 2017 Leeds City Council undertook an information audit of the organisation’s IG Framework, processes and structure including 1-1 meetings with all HoS and Directors and produced an Information Asset Register (IAR) to record all information WYCA holds. Key information contained within this includes details of where the asset is stored, retention period, who has access to the information, whether the information is shared and whether it includes personal data.</p>	<p>The IAR has been built upon with the view that all necessary documentation can also be recorded within this (e.g. Privacy Notices, Impact Assessments, Data Sharing Agreements, Information Sharing Agreements, Consent Forms) – with the help of the mini-site, the next steps include communicating to HoS that they need to complete the IAR with the additional information. This will need to be reviewed and updated quarterly.</p>
3. Communicating Privacy Information	<p>A new corporate privacy notice has been approved and will be included on the new WYCA website (and all subsidiary websites).</p>	<p>This is on-going. The requirement of liaising with the IG Officer will be included on the IG mini-site and HoS will be encouraged to re-iterate this in</p>

	Project staff are aware that where personal data is involved, they need to liaise with the IG officer to construct a GDPR-compliant privacy notice – there has been a good uptake on this so far.	<p>their team meetings and have GDPR as a standing item.</p> <p>The DPO/IG Officer will liaise with the Delivery Directorate Portfolio Management Office to include this step as part of the standard process for WYCA projects that involve personal data</p>
4. Individual's rights	ICT have been made aware of the potential impact of the expanded individual rights under GDPR – Head of ICT Services is in the process of identifying systems which require changes to be GDPR compliant.	Work in progress, see table below.
5. Subject Access Requests	A new Subject Access Request policy and procedure was published last summer as part of a new suite of IG policies	This policy will be reviewed along with other policies to make sure they are compliant with GDPR – this will take place once the DPO is in post
6. Lawful Basis for Processing Personal Data	The new IAR has a column for recording the legal basis for personal data	This will be part of HoS action to complete the IAR with appropriate guidance and support
7. Consent	Project staff are aware that where personal data is involved, they need to liaise with the IG officer to ensure consent wording is GDPR compliant – there has been a good uptake on this so far.	<p>This is on-going. The requirement of liaising with the IG Officer will be included on the IG mini-site and HoS will be encouraged to re-iterate this in their team meetings and have GDPR as a standing item.</p> <p>The DPO/IG Officer will liaise with the Delivery Directorate Portfolio Management Office to include this step as part of the standard process for WYCA projects that involve personal data</p>
8. Children	Children's information is processed within the Transport Ops team as part of the school/young person's bus-pass	IG officer & DPO will arrange a follow-up meeting with key staff to review progress

	applications. IG Officer has provided advice on how this application process should be carried out to ensure compliance with GDPR.	
9. Data Breaches	Officers have reviewed the process for data breaches as part of the new Security Incident Management Policy to make sure this is robust.	The new policy will be published on the intranet very shortly.
10. Data Protection by Design & Data Protection Impact Assessments	A new DP Impact Assessment template is contained within the new Information Sharing Policy which was published on the intranet last summer. Staff have been made aware that they need to use this template for projects which involve personal data.	New IAR has a tab for recording DP Impact Assessments.  The DPO/IG Officer will liaise with the Delivery Directorate Portfolio Management Office to include this step as part of the standard process for WYCA projects that involve personal data
11. Data Protection Officers	New DPO appointed and will join WYCA in February 2018	DPO will attend Leadership Team meetings to provide regular updates on progress
12. International	Not applicable to WYCA	Not applicable to WYCA

<b>System</b>	<b>Status</b>
CHASE	Business Analyst is developing specification changes with HCL.
CoSA	Transport Analyst is developing specification changes with Systra.
Dream	Finance and ICT Services to discuss GDPR compliance with Unit4.
Flexi-Route	Business Systems Manager is progressing this with Education Transport Co-ordinator and Data Images Ltd.
Metro Messenger	ICT Services is liaising with Communications section.
Proactis	Office Facilities Co-ordinator is liaising with Information Governance Officer over whether information held about flights is relevant to GDPR.
Roadbase	Office Facilities Co-ordinator is liaising with Information Governance Officer.
Survey Monkey/Snap Survey/Eventbrite	ICT Services to liaise with Information Governance Officer.

**Director and Author:** Angela Taylor,  
Director of Resources



**Report to:** Governance and Audit Committee

**Date:** 25 January 2018

**Subject:** Forward Programme of Work

## 1 Purpose

1.1 To consider the work programme for the coming year.

## 2 Information

2.1 At its last meeting the Governance and Audit Committee noted the work required in a typical year. Additionally it identified a number of areas of interest to be considered at future meetings. Set out below is the proposed outline work programme for the coming year.

2.2 The Committee has a further meeting scheduled for 23 March 2018 and subsequent meetings will form part of the calendar of meetings for 2018/19.

2.3 It is recognised that the work programme should be flexible and able to be amended and supplemented as the year progresses. The Committee may wish to consider for example further work on governance, linked to the work underway by the Head of Legal and Governance Services considering officer decision making arrangements and delegations.

2.4

<b>2018</b>	<b>Regular items</b>	<b>Additional items</b>
25 January	Internal controls/financial  Risk Management  Internal audit progress  Treasury management	GDPR  LCR LEP Assurance Framework  Early planning internal audit  plan 2018/19
23 March	Internal controls/financial	Treasury management

	<p>Risk Management</p> <p>Internal audit progress</p> <p>Risk Management</p>	<p>Annual internal audit plan</p> <p>2018/19</p> <p>Audit fee letter</p> <p>External audit plan</p>
July	<p>Internal controls</p> <p>Risk Management</p> <p>Internal audit progress</p> <p>Risk Management</p>	<p>Annual internal audit report and opinion</p> <p>Review of internal audit</p> <p>Approval of annual accounts</p>
October	<p>Internal controls</p> <p>Risk Management</p> <p>Internal audit progress</p> <p>Risk Management</p>	<p>External audit annual letter/report</p>

### **3 Financial Implications**

3.1 None arising directly from this report.

### **4 Legal Implications**

4.1 None arising directly from this report.

### **5 Staffing Implications**

5.1 None arising directly from this report.

**6 External Consultees**

6.1 None.

**7 Recommendations**

7.1 That the Governance & Audit Committee consider items to be included in the work programme for the future meetings.

**8 Background Documents**

8.1 None.

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