
Report to: West Yorkshire Combined Authority

Date: 10 October 2019

Subject: **Corporate planning and performance**

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

1. Purpose of this report

- 1.1 To note the current position on corporate performance including progress against corporate plan priorities, risk management and budget position and seek comment on these matters.
- 1.2 To note the work underway on the business plan and budgeting for 2020/21 and seek comment on these matters.

2. Information

Corporate Plan 2019/20

- 2.1 The 2019/20 Corporate Plan sets out the vision and objectives for the organisation and the practical steps for how these will be progressed during the year. The plan is structured around the four overarching strategic objectives of boosting productivity, enabling inclusive growth, delivering 21st Century transport and supporting clean growth.
- 2.2 A comprehensive suite of performance indicators has been developed to measure the organisation's specific contribution towards achieving the overarching Corporate Plan priorities. An assessment of progress against

these indicators for the 2019/20 year to date is provided in **Appendix 1** as part of the wider corporate performance snapshot.

- 2.3 The analysis of performance against KPI's to date reflects a positive position. The majority of the KPIs are green, indicating objectives supporting the strategic aims and themes for the region are on track to being achieved.

Corporate risk update

- 2.4 In line with the provisions of the corporate risk management strategy, regular review of the key strategic risks affecting the organisation continues to be undertaken and the corporate risk register updated accordingly. A summary of the headline strategic risks currently contained within the corporate risk register is provided at **Appendix 1**.

- 2.5 Updates to the corporate risk register since the last meeting of the Combined Authority are summarised below:

- It was recommended by the Head of HR that risk HR1 (Failure to have in place the capacity, skills and resource needed to deliver increased workload), has reduced in both probability and impact, due to mitigating actions. This was agreed during the last corporate risk register review at the Senior Management Meeting. Due to this now reducing to a 'medium' risk rating this is not therefore shown in the summary of 'very high' and 'high' risks summarised at Appendix 1.
- It was recommended that the risk F2 have its impact increased from 'Moderate' to 'Major Disruption'. In addition, due to the risk's cross-cutting impact the Director of Policy, Strategy and Communications has been included as an additional Risk Owner. The overall risk rating remains unchanged at 'High'.
- Due to the increasing uncertainty surrounding the UK's future relationship with the EU, it was recommended that the risk SP4 be superseded by risk SP5 to more accurately capture the range and scale of risks faced. Substantial mitigation coordinated by the organisation's Brexit working group has been introduced, however the risk remains 'Very High' due to the level and range of uncertainty, which falls outside of the Combined Authority's control.

- 2.6 As outlined at agenda item 8, the Combined Authority is currently undertaking a significant amount of work to tackle the climate emergency and to promote clean growth. The specific implications of this work with regard to risk exposure are currently under consideration and will be reflected in future updates to the corporate risk register as appropriate.

- 2.7 Work is currently being undertaken by the Internal Audit team to examine the implementation and effectiveness of the Corporate Risk Strategy across the organisation. Recommendations from this report will be incorporated into a scheduled refresh of the Corporate Risk Management Strategy.

Revenue budget position

2019/20

- 2.8 A summary of the 2019/20 current spend to budget as at August 2019 is attached at **Appendix 2**. A RAG rating has been included to identify budgets that need further review. There are no 'red' areas of concern to report.
- 2.9 The approved annual budget included a £1.2m deficit to be funded from general reserves. Periodic forecasting is being undertaken during the year to track performance against this budgeted position and a revised outturn will be formally reported as part of the budget proposals in December. At this stage work to achieve the agreed savings and reductions continues, alongside managing emerging pressures including Brexit and work on bus options following the announcement of the proposed sale of First Group's bus operations.

Business planning and budget 2020/21

- 2.10 Work is continuing on the detailed business plan for 2020/21 and the accompanying budget, to be set within the context of a revised medium term financial strategy. The Budget Working Group has met to consider the issues and Overview and Scrutiny Committee considered a paper at its meeting on 13 September. Information is also being shared with the West Yorkshire Directors of Finance.
- 2.11 Each directorate is producing both a detailed business plan and a summarised 'plan on a page' showing how it will deliver against the four corporate priorities in the coming year. The budget will then show the costs of delivering these activities.
- 2.12 The first full budget update has been submitted from each directorate, setting out any updates to the current year position and providing a detailed 2020/21 position. These submissions show some savings against budget in the current year but, as set out in the last update of the three year strategy, there is still a budget gap of over £1 million to address if the 2020/21 budget is to be set without the use of reserves. Work on options to address this gap is underway and will be brought forward for consideration.
- 2.13 In addition there are further budget pressures that will need to be managed alongside this funding gap. Actions to meet the commitment in the three year strategy to make further savings on bus tendered services and transport services in 2020/21 need to be progressed, alongside the identification of funding for activities to address climate change and improve inclusive growth. The work on bus options as set out in agenda item 11 may require further funding next year, and the issue of 'cliff edge funding' ie short term funding that is time limited also requires consideration. Other funding risks identified include changes to the assumptions relating to pay awards and to the outcome of the triennial pension revaluation due next year.

- 2.14 Work continues on the capital budgets, with a particular focus on the challenges of achieving expenditure on key programmes – Leeds Public Transport Investment Programme and Growth Deal, both of which are due to spend in full by March 2021. The programmes are being reviewed to ensure all funding is maximised, any risks of not delivering by this date are mitigated and to understand the risks around the timing of individual projects which may result in commitments beyond the funding availability. A three year capital programme and any projected borrowing costs will be included as part of the budget process.
- 2.15 A full draft revenue and capital budget will be provided to the meeting of 12 December, along with the updated reserves strategy.

3. Clean Growth Implications

- 3.1 The proposed business plan and budget for 2020/21 will include actions and costs related to delivering against the corporate priority of clean growth.

4. Inclusive Growth Implications

- 4.1 The 2019/20 corporate plan sets out further details regarding the organisation's approach to enabling inclusive growth.

5. Financial Implications

- 5.1 The financial implications are covered in the body of the report and at the supporting appendices.

6. Legal Implications

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

7. Staffing Implications

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

8. External Consultees

- 8.1 No external consultations have been undertaken.

9. Recommendations

- 9.1 That the Combined Authority notes and provides comment on the information on corporate performance.
- 9.2 That the Combined Authority notes and provides comment on the budget work underway.

10. Background Documents

- 10.1 None.

11. Appendices

Appendix 1 – Corporate Performance Snapshot Report

Appendix 2 – Budget monitoring 2019/20