
Report to:	Overview and Scrutiny Committee
Date:	15 November 2019
Subject:	Cover report: Strategic updates and performance monitor

Director:	Angela Taylor, Director of Corporate Services
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1. Purpose of this item

- 1.1 The purpose of this session is for the Overview and Scrutiny Committee to:
- **Corporate plan, budget and risk performance:** monitor the performance of corporate plan objectives (KPIs), budget/funding and risk management.
 - **Local Industrial Strategy:** note the final policy proposals for the Local Industrial Strategy submission to government, following the consultation in the previous two scrutiny meetings.
 - **Devolution, LEP merger / review and Brexit preparations:** consider any updates since the last meeting, bearing in mind that the calling of an election and the Article 50 extension until 31 January 2020.

2. Information

- 2.1 At the previous scrutiny meeting held on 13 September 2019, the Committee requested that further updates on these strategic issues, following national political developments, be added to the agenda of this meeting. Since the last meeting, a general election has been called, which has affected some issues.

Corporate planning, risk and performance

- 2.2 It was reported at the last meeting that budget and business planning for 2020/21 is underway. In addition to an update on budget planning for 2020/21, the appended officer report also includes a current performance and risk snapshot.

Local Industrial Strategy

- 2.3 It was reported at the last meeting that work on the Local Industrial Strategy was entering its final stages and the findings from the research was discussed by the committee, with particular welcome given to the focus on ‘people’ and ‘places’. The committee concluded – amongst other things – that the findings appear to have improved the evidence base and helped better outline the economic profile of more places and skills profiles of more people within the region and will put the Combined Authority in a better position to fulfil its fundamental strategic and partnership role. Further conclusions from the previous meeting are recorded in the minutes and draft policy proposals are included within the appended report for information.

Devolution

- 2.4 It was reported at the last meeting that announcements on devolution were expected by the prime minister at the Convention of the North event taking place at the same time as the committee meeting (13 September 2019). A briefing note was distributed to members via email after the meeting. Since then, it was also reported in the Yorkshire Post (30 Sept 2019) and other regional media that constructive talks had taken place between West Yorkshire council leaders and ministers. However, since the last committee meeting, a general election has been called and the expected budget on 6 November 2019 did not take place. Any updates will be provided at the meeting.

LEP merger & review

- 2.5 It was reported to the last meeting that discussions on the LEP merger between Leeds City Region and York & North Yorkshire might be paused in light of restarted devolution discussions, however a meeting of the joint LEP transition group took place in October 2019 and both LEP Boards meet in November 2019. Any further updates will be provided at the meeting.

Brexit preparations

- 2.6 It was reported at the last meeting that the Combined Authority and LEP have gathered the necessary intelligence and undergone necessary preparations – including new business support and information programmes – for the expected exit from the European Union.
- 2.7 As of the time of writing reports, the previous expected exit date of 31 October 2019 was pushed back to 31 January 2020 following the granting of an extension. Any further updates will be provided at the meeting.

Report to: Overview and Scrutiny Committee

Date: 15 November 2019

Subject: **Strategic updates and performance monitor**

Director: Ben Still, Managing Director

Author(s): Angela Taylor, Director of Corporate Services
Alan Reiss, Director of Policy, Strategy & Communications

1. Purpose of this report

- 1.1 To update the Committee on corporate performance including progress against corporate plan priorities, risk management and budget position and work underway on the business plan and budgeting for 2020/21.
- 1.2 To update the Committee on devolution developments since the last meeting.
- 1.3 To update the Committee how the Leeds City Region Enterprise Partnership (LEP), Combined Authority and partners are addressing the requirements following Government's review of LEPs to position the City Region positively to deliver a local industrial strategy and access future funding.
- 1.4 To update the Committee on progress to develop an integrated policy framework and Local Industrial Strategy (LIS) for the Leeds City Region.
- 1.5 To update the Committee on the latest developments, preparations and information relating to the country's exit from the European Union.

2. Information

Corporate risk and performance

- 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 to date reflects a positive position with the majority of the KPIs currently assessed as green, indicating objectives supporting the strategic aims and themes for the region are on track to being achieved.
- 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 Work has recently been undertaken by the Internal Audit team to examine the implementation and effectiveness of the Corporate Risk Strategy across the organisation. Recommendations from this report are being incorporated into a scheduled refresh of the Corporate Risk Management Strategy.

Revenue Budget 2020/21

- 2.6 Work is continuing on the detailed budget for 2020/21, 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.
- 2.7 The first full budget proposals have been submitted from each directorate, setting out any updates to the current year position and providing a detailed 2020/21 position. These submissions highlighted that there is still a budget gap of over £1.5 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 to the Combined Authority for consideration.
- 2.8 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, improve inclusive growth and work on bus options as arising from the sale of First West Yorkshire. In addition 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.
- 2.9 A full draft revenue budget will be provided to the next meeting of the Combined Authority, along with the updated reserves strategy. The monitoring

report for 2019/20, as provided to the last meeting of the Combined Authority, is attached at **Appendix 2** for information.

Devolution

- 2.10 Any updates will be provided verbally at the meeting.

LEP Merger and review

- 2.11 The Committee has been routinely updated on work undertaken to address the requirements of the Government's review of LEPs.
- 2.12 Through the Transition Subgroup, the Combined Authority and the LEP have worked collaboratively with partners in the York, North Yorkshire and East Riding (YNYER) LEP seeking to agree terms and establish a new local enterprise partnership covering all of West Yorkshire, North Yorkshire and York from April 2020.
- 2.13 Through the course of meetings of the Transition Subgroup in-principle agreement was reached on many matters, although some key outstanding issues remained unresolved. The last meeting of the Transition Subgroup was held on 2 October, and discussions remain underway.
- 2.14 Separate to and without prejudicing the outcome of discussions around a potential merger of the two LEPs, the LEP Board has acted to ensure future governance arrangements of the LEP in the City Region are compliant with Government's requirements. By spring 2020, at least two-thirds of members should come from the private sector, at least a third of members should be women, and the Board should otherwise reflect the diversity of the City Region.
- 2.15 A recruitment consultant has been engaged to progress the search and selection work, and it is anticipated that this process will be complete in spring 2020 in order to comply with Government's requirements. This is later than the Committee has been previously advised, allowing for a comprehensive recruitment process, and will still comply with Government's deadline.

Local Industrial Strategy

- 2.16 Since the Committee's last update on work to develop a Local Industrial Strategy for Leeds City Region consultation and engagement has continued on the draft and emerging policy priorities. As part of this, a further online YourVoice consultation on the draft priorities has been live since mid-October to ensure public engagement and the needs of individuals within the Region.
- 2.17 In addition the final meeting of the Expert Panel – convened to provide external rigour to the development process – has been held, at which they reviewed the draft policies and provided comments to help inform the final draft Strategy.

- 2.18 On 25 September LEP Board held an away day focused on the emerging priorities and debated the merits of these, as well as considering the overarching narrative ambition of 'healthy lives that improve wellbeing and productivity.' There was strong support from members of the alignment to two of the four Grand Challenges artificial intelligence and data, and ageing society, as emerging from the evidence base. It was accepted that these are logical choices given the overall ambition for healthy lives, and it was recognised that the region is able to lead on these challenges rather than simply contributing to them.
- 2.19 Work continues on the analysis of the commissioned evidence base to inform and support the draft policy priorities.
- 2.20 The draft policy priorities are attached as **Appendix 3** and comments are welcome on these. These are aligned to the foundations of productivity mandated by Government (people, place, infrastructure, ideas and business environment), and reflect the golden threads of our core priorities: boosting productivity, supporting clean growth, and enabling inclusive growth.
- 2.21 The final submission will be made to Government by the end of the year.

Brexit

- 2.22 As over the last 12 months or more, the Combined Authority and LEP continue to support the city region in preparing for Brexit. Mirroring emergency response arrangements at the Local Authority level, the Combined Authority has established 'Gold' and 'Silver' working groups to coordinate its Brexit response. These structures can then be further mobilised as required to include greater frequency and preparing for decision making. The LEP is also playing a proactive role in providing support to the city region's businesses as they plan for the opportunities and challenges they may have as a result of leaving the EU. This includes a number of potential business support products that have been developed and could be enacted should there be a non-negotiated exit from the EU, as well as coordinating the wider Yorkshire and Humber Brexit hub for the region's LEPs.
- 2.23 Following the agreement of an extension to the UK's exit from the European Union until 31 January, and since a General Election has now been called, the Government has paused its 'Get ready for Brexit' campaign and stepped down its Operation Yellowhammer emergency response arrangements. The LEP has been informed that it should also pause any communications activity in relation to the Get Ready campaign until further notice and not undertake new activity. Whilst in purdah the LEP will continue to offer business support advice for businesses as normal, and in particular to support business planning and resilience during the current uncertainties.

3. Financial Implications

- 3.1 Government has provided additional funds to develop local industrial strategies and implement changes to strengthen LEPs.

4. Legal Implications

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

5. Staffing Implications

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

6. External Consultees

6.1 No external consultations have been undertaken.

7. Recommendations

7.1 That the Overview and Scrutiny Committee considers the report and provides any comments or recommendations.

8. Background Documents

None.

9. Appendices

Appendix 1 – Corporate performance snapshot

Appendix 2 – Budget monitoring 2019/20

Appendix 3 – Local Industrial Strategy draft proposals