
Report to: Leeds City Region Enterprise Partnership Board (LEP Board)

Date: 16 January 2020

Subject: **Corporate Performance Report**

Director: Angela Taylor, Director, Corporate Services

Author(s): Jon Sheard, Head of Finance
Louise Porter, Corporate Performance and Planning Manager

1. Purpose of this report

- 1.1 To provide the LEP Board with an update on a range of corporate and governance matters.

2. Information

- 2.1 As previously agreed a corporate performance report is now being submitted to each meeting of the LEP Board, to provide information on budgets, performance management, risk, audit, scrutiny and any other matters that emerge. This is in line with recommended practice as set out in the Strengthened Local Enterprise Partnerships document and in line with the commitments in the Assurance Framework.

Budget Monitoring 2019/20

- 2.2 A summary of the 2019/20 current spend to budget as at November 2019 is attached at **Appendix 1**. A RAG rating has been included to identify budgets that need further review. There are no 'red' areas of concern to report, reflecting the close monitoring that takes place on an ongoing basis. It should be noted that the challenges in setting a balanced budget for the year meant there is limited resource capacity for responding to any new or emerging demands and this is likely to continue into next year.
- 2.3 The approved annual budget included a £1.2 million deficit to be funded from general reserves. Following a forecast exercise undertaken in October 2019 the year end position is a £1.3 million surplus and this improved position results in money going into the general reserve rather than being taken out.
- 2.4 The general reserves are therefore forecast to be approximately £7m as at the end of the financial year. At this stage the proposal is to retain general reserves at this level to help manage emerging pressures including Brexit, work on bus options following the announcement of the proposed sale of First Group's bus operations and 'cliff edge' funding for a range of projects.

- 2.5 A more detailed report on budget planning for 2020/21 and beyond is included as a separate item on today's agenda.

2019/20 Corporate Plan and LEP Annual Delivery Plan

- 2.6 In line with the requirements of the Strengthened Local Enterprise Partnerships agenda, the first LEP Annual Delivery Plan was published in May 2019. This Delivery Plan sets out the detailed proposals and targets for the LEP in 2019/20 financial year.
- 2.7 The LEP Annual Delivery Plan has been designed as a standalone document, but also forms an integral part of the organisation's overarching Corporate Plan, which sets out the priorities for the Combined Authority and the LEP as a whole. The wider Corporate Plan is structured around four overarching corporate priorities of Boosting productivity, delivering 21st Century transport, enabling inclusive growth and supporting clean growth.
- 2.8 In order to measure the organisation's specific contribution to meeting these four corporate objectives, a set of key performance indicators have been developed and are routinely monitored. A summary of progress against these indicators for the year to date is provided in **Appendix 2** as part of the wider corporate performance snapshot.
- 2.9 The analysis of performance against objectives to date reflects a positive position overall. The majority of the indicators are assessed as green, indicating objectives supporting the strategic aims and themes for the region are on track to being achieved.

Corporate risk update

- 2.10 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 2**.
- 2.11 The updates to the Corporate Risk Register since the last reporting period are as follows:
- Risk SP4 has been superseded by risk SP5 to more accurately capture the range and scale of risks faced with regards to the UK's future relationship with the European Union. 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, a proportion of which falls outside of the Combined Authority's control.
 - In light of the declaration of a Climate Emergency and a commitment to becoming a net zero carbon economy by 2038, a new risk E1 has been escalated to be included into the corporate register. This reflects the inherent risk that if insufficient resource is directed toward this priority,

clean growth targets will not be achieved, and subsequent benefits not achieved. Similarly, significant mitigating action is being introduced to address these risks, directed by the newly introduced Clean Growth policy and action plan.

- Risk SP2 (which relates to the potential implications of the national terrorism threat being raised) has been recommended to be reduced to 'Medium' due to protocols and controls which have been established within service delivery areas, in line with business continuity developments.
- Following recommendations by the Regulatory and Compliance Board and the Head of ICT Services, Senior Leadership Team have agreed a new risk SS2 to be included in the corporate register. The risk relates to the threat of a cyber security breach. Due to the size of organisation and the scale of data the Combined Authority processes, corporate oversight of this risk is appropriate as all staff and teams are implicated in its management. Existing controls are in place to significantly reduce the likelihood of this risk, with further controls being implemented through the Corporate Technology Programme.

- 2.12 A refresh of the Corporate Risk Strategy is currently in the final stages of consultation and approval, and it is anticipated this will be presented to the Governance and Audit Committee seeking approval on 23 January 2020. The strategy builds on existing provisions to ensure risk management arrangements continue to meet the developing needs of both the Combined Authority and the LEP and the latest draft is available [here](#).

Audit

- 2.13 The internal audit plan as approved by the Governance and Audit Committee of the Combined Authority covers the activities of the whole organisation. To date only one audit assignment specifically on LEP activities has been completed for 2019/20 and this is a review of the business grants. This was a requested advisory review to help strengthen fraud controls, raise fraud awareness and help to build consistency across the various funding streams. In addition, reports on wider corporate health – including corporate governance, GDPR and gifts and hospitality - have been undertaken and received either reasonable or substantial assurance. The next meeting of the Governance and Audit Committee will begin to plan the internal audit programme for 2020/21.

Overview and Scrutiny Committee

- 2.14 At its last meeting the Overview and Scrutiny Committee considered the work underway through the Future-Ready Skills Commission, its progress to date, and emerging themes as well as considering the delivery of skills programmes by the Combined Authority, with particular focus on schools engagement and apprenticeships. It also noted the work underway by a separate task and finish group that is considering the success of the business grants programme.

3. Clean Growth Implications

3.1 The need to meet clean growth objectives is recognised in the risk register.

4. Financial Implications

4.1 As set out in the report.

5. Legal Implications

5.1 None arising directly from this report.

6. Staffing Implications

6.1 None arising directly from this report.

7. External Consultees

7.1 None.

8. Recommendations

8.1 That the LEP Board note the corporate performance information provided.

9. Background Documents

9.1 None.

10. Appendices

Appendix 1 – 2019/20 revenue spend against budget
Appendix 2 – 2019/20 Corporate performance update