
Report to: Overview and Scrutiny Committee

Date: 17 January 2020

Subject: **Corporate performance monitoring and overview**

Director: Angela Taylor, Director of Corporate Services

Author(s): Jon Sheard, Louise Porter

1. Purpose of this report

- 1.1 To provide the Overview and Scrutiny Committee with an update on a range of corporate performance matters.

2. Information

- 2.1 This report provides and update on corporate performance with specific information on budgets, performance against strategic objectives and corporate risk management

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.
- 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 full capital budget was included in the draft budget paper to the Combined Authority and this forms part of agenda **Item 6** of this meeting's agenda. Ongoing monitoring of capital expenditure is undertaken by the Investment

Committee which focuses on expenditure on the larger programmes, including Growth Deal and West Yorkshire plus Transport Fund (WY+TF) and the Leeds Public Transport Investment Programme (LPTIP). [A paper to the Investment Committee on 9 January, available here](#), set out the outcome of a review into the WY+TF and reset spend profiles and funding allocation baselines against which future monitoring will take place.

2019/20 Corporate Plan

- 2.6 The Combined Authority's Corporate Plan for 2019/20 sets out the detailed proposals and targets for the current financial year. It is structured around four overarching corporate priorities of Boosting productivity, delivering 21st Century transport, enabling inclusive growth and supporting clean growth.
- 2.7 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 a wider corporate performance snapshot.
- 2.8 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

- 2.9 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**.
- 2.10 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 the Combined Authority and addresses some of the improvements recommended by the work of internal audit. This can be viewed in the 'Risk management arrangements report' in the Governance and Audit Committee papers on 31 October 2019: <https://westyorkshire.moderngov.co.uk/ieListDocuments.aspx?CId=137&MId=870&Ver=4>

Internal Audit

- 2.11 The internal audit plan as approved and monitored by the Governance and Audit Committee of the Combined Authority covers the activities of the whole organisation. A number of assignments have been completed in the current year and they are set out below along with the assurance given:

- Corporate Governance – Reasonable Assurance
 - Creditors – Reasonable Assurance
 - Employee Expenses – Reasonable Assurance
 - GDPR – Substantial Assurance
 - Gifts & Hospitality follow up – progress against previous recommendations has been good and that concludes this work
 - Risk Management – Limited Assurance
 - Improving Counter Fraud Controls in Economic Services – not rated as advisory only
- 2.12 Work is underway on a review of HR practices. The Governance and Audit Committee has overseen the outcome of all of the assignments set out above and ensured that agreed actions are completed within the agreed timeframes.

Assurance Framework

- 2.13 The LEP and West Yorkshire Combined Authority are required to prepare a Local Assurance Framework as part of the Local Growth funding agreement. The framework must be reviewed annually and published on the LEP's website. The deadline for this to be completed is 28 February 2020.
- 2.14 The framework covers discretionary projects and programmes funded from Government or local sources that flow through the LEP and the Combined Authority. It has been prepared in accordance with HM Government Local Growth National Assurance Framework guidance (January 2019) and builds on a body of existing good practice. The LEP has to comply with this guidance for the relevant funding streams, but the principles are also applied to the Combined Authority as the accountable body for the LEP.
- 2.15 In line with the above, this year's review of the Local Assurance Framework has been focused on aligning the Local Assurance Framework with current working practices, potential changes to the LEP's geography and the impending introduction of the Strategic Economic Framework (SEF).
- 2.16 The key changes for the 2020 Assurance Framework review include:
- Any references to LEP boundaries and relevant maps have been removed in this version of the Assurance Framework. Once the LEP Board have made and communicated the decision on the LEP footprint, further amendments will be made to reflect the decision in relation to the new LEP footprint and changes in governance resulting from this prior to publication.
 - References to the Strategic Economic Framework (SEF) and Local Industrial Strategy (LIS), where relevant, have replaced the references to the Strategic Economic Plan (SEP).
 - A footnote added in Table 2.1 “Advisory Panels to the LEP and Combined Authority”, to reflect the current work being undertaken around the Investment Loans programme. However, due to the early stages in this development and the lack of clarity around its future governance

arrangements at present, the governance for the Investment Loans programme has not been covered in this review to date.

- Sections 5 and 6, “Approach to Prioritisation” and “Assurance around Programme and Project Delivery”, have been updated with new wording to reflect updated working practice around project and programme appraisal and to lessen the focus on the TAG guidance (formerly WebTAG), in order to take account of new priorities, such as clean growth.
- Section 7, “Monitoring and Evaluation”, has been updated to clarify the purpose and requirements of Activities 6 and 7. The “Benefits Realisation” section has been updated, to spell out the approach to the monitoring of the progress towards SEF priorities. A new section on monitoring and evaluation of the SEF has been added.
- Amendments have been made to Appendix 4 to reflect changes in the sub-delegations for Economic Services grants.
- Changes made to Appendix 6 to reflect changes to the Programme Appraisal Team’s (PAT) terms of reference.
- References to the Strategic Assessment Review Group (SARG) have been made and the SARG terms of reference added at Appendix 7.
- References to the Portfolio Management Group (PMG) have been added and the PMG terms of reference have been added at Appendix 8.

2.17 As part of continuous improvement a further review of the Assurance Framework is planned in 2020, in order to ensure that it is as efficient as possible – particularly given the variability in the scale and complexity of projects and programmes. Such a review will ensure that, going forward, the right level of proportionality is applied to different types of programme.

2.18 The [current Assurance Framework \(as of August 2019\)](#)¹ and the [version in the papers for the LEP Board meeting held on 16 January 2020](#)² can be viewed on the Combined Authority website.

3. Clean growth implications

- 3.1 Clean growth objectives and priorities are included in the business plans, and the budgets seek to include where possible resource to address this work.
- 3.2 Clean growth considerations and references to related activities have been embedded throughout the Assurance Framework and related internal governance documents and decision-making procedures.

4. Financial Implications

- 4.1 There are no financial implications directly arising from this report.

5. Legal Implications

¹

<https://westyorkshire.moderngov.co.uk/ecSDDisplayClassic.aspx?NAME=Assurance%20Framework&ID=363&RPID=1442120&sch=doc&cat=13600&path=13600>

² <https://westyorkshire.moderngov.co.uk/ieListDocuments.aspx?CId=150&MId=830&Ver=4>

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

6. Staffing Implications

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

7. External Consultees

7.1 No external consultations have been undertaken.

8. Recommendations

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

9. Background Documents

[Assurance Framework \(August 2019\)](#)

[Assurance Framework, LEP Board report \(16 Jan 2020\)](#)

[Internal Audit Progress Report – Governance and Audit Committee, 31 October 2019](#)

10. Appendices

Appendix 1 – 2019/20 revenue spend against budget

Appendix 2 – Corporate performance snapshot including risk register