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

**Date:** 25 February 2020

**Subject:** **Corporate Performance Report**

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## 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 December 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.
- 2.3 The approved annual budget included a £1.2 million deficit to be funded from general reserves. As previously reported a forecast exercise was undertaken in October 2019 resulting in the year end position expected to be a £0.3 million surplus. This improved position results in money going into the general reserve rather than being taken out. A further forecast is currently underway and updated position will be provided for the next meeting.
- 2.4 The general reserves are therefore forecast to be approximately £7m as at the end of the financial year. As previously reported 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 The revenue and capital budgets for 2020/21 (plus two years) were reported in detail to the LEP Board at the January meeting. These budgets were approved at the Combined Authority meeting on 6 February 2020 and performance against these budgets will be reported during 2020/21.

#### 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. Most of the indicators are assessed as green, indicating objectives supporting the strategic aims and themes for the region are on track to being achieved.

#### 2020/21 Corporate Plan and LEP Annual Delivery Plan

- 2.10 The Combined Authority approved the 2020/21 budget and accompanying business plan for the organisation at their meeting of 6 February 2020. This sets out the detailed objectives to be delivered by the Combined Authority and the LEP over the next financial year. As was the case for the current financial year, a standalone LEP Annual Delivery Plan will be prepared to set out the detailed priorities for the LEP in 2020/21. This is currently in development and the draft content will be shared with the LEP Board at their meeting of 1st April.

#### Corporate Risk Update

- 2.11 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.
- 2.12 A refresh of the Corporate Risk Management Strategy has recently been undertaken and was approved by the Governance and Audit Committee at their meeting of 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 the LEP and a copy of the final document can be found here.

2.13 The key changes that have been made in the updated Corporate Risk Management Strategy are summarised below:

- The organisation's risk appetite has been reviewed in consultation with the officer Regulatory and Compliance Board and incorporates feedback from an informal workshop held with Combined Authority members. A revised list of categories has been included with ratings set to more clearly reflect the organisation's appetite for risk across varying themes which reflect the four corporate priorities.
- The organisation's risk assessment matrix has been updated, to address several existing problems with the previous iteration. The revised matrix ensures equal distribution of risk categories, and descriptors have been updated with the most recent guidance from ISO 31000. The matrix ensures the number of risk ratings are equal to those in the organisation's risk appetite to ensure comparison between the two is clear and easy to understand.
- The corporate risk register template has been simplified and enhanced, incorporating standardised wording to help ensure risks are captured in a uniform, easy-to-understand format. The register provides automated information on the direction of travel of a given risk and uses standardised terminology consistent with that used across supporting documentation.
- Roles and responsibilities for risk management, including reporting and escalation routes, have been improved and clarified in the new strategy documentation.

2.14 The Corporate Risk Register has also been updated to reflect the provisions of the Corporate Risk Management Strategy and a summary of the headline strategic risks currently contained within it is provided at **Appendix 2**.

### **Audit**

2.15 The internal audit plan as approved by the Governance and Audit Committee of the Combined Authority covers the activities of the whole organisation. No further audit assignments specifically on LEP activities have been completed since the January meeting. Planning for the 2020/21 Audit Plan has commenced and the Governance and Audit Committee in March 2020 will receive the final draft for approval.

2.16 The planning process is going to move away from cyclical reviews to be a more dynamic and fully risk responsive plan. The intention is to consider the current risks facing the organisation, the corporate priorities and objectives and to consider external intelligence around emerging risks from a wider business perspective.

- 2.17 The Corporate Risk Register and Corporate Plan are going to be the primary driving force of planned audit activity, but given the scale of project work within the Combined Authority, audit intends to continue the recently started rolling programme of reviews against the Assurance Framework and will also contribute to any review of the Framework itself.
- 2.18 A further update will be brought to this Board in April 2020.

### **Overview and Scrutiny Committee**

- 2.19 At its last meeting the Overview and Scrutiny Committee considered and were content with the work undertaken on the annual review of the Assurance Framework which is required as part of the Local Growth funding agreement. The framework covers discretionary projects and programmes funded from Government or local sources that flow through the LEP and the Combined Authority.
- 2.20 The Combined Authority approved the substantive form of the draft Assurance Framework on 6 February 2020 and authorised the Managing Director to finalise the content in consultation with the Chair of the Combined Authority and the Chair of the LEP Board and to submit the document to Government by 28 February 2020.

### **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 (KPI & risk)