
Report to: Governance and Audit Committee

Date: 03 March 2022

Subject: **Compliance and Monitoring**

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1. Purpose of this report

- 1.1 To consider any changes to the arrangements for internal control in the West Yorkshire Combined Authority since the last meeting of the Committee.
- 1.2 To consider the 2021/22 and 2022/23 financial positions.

2. Information

- 2.1 This paper is provided to each meeting of the Governance and Audit Committee and provides information and assurance on governance issues. Any changes to, or failures of, internal control will be reported along with significant risk issues.

Internal controls

- 2.2 There have been no significant changes to internal controls in the period and monthly reconciliations are up to date.
- 2.3 Measures put in place to enable business to continue during the pandemic remain robust and changes made were fully captured within guidance notes and procedures.
- 2.4 The newly appointed Head of Finance is now in post and transfer of responsibilities and accountabilities have been handed over by the interim support.
- 2.5 The Regulatory and Compliance Board at officer level continues to meet and will provide information as required to this Committee and the Combined Authority. Its meetings have considered assurances provided by the work undertaken by internal audit, health and safety, information governance, risks and controls and compliance including financial, procurement, HR and other policies, statutory returns and transparency arrangements. Actions are being

identified to ensure compliance is adequately documented and evidenced. Enhanced dashboard reporting from the Health and Safety Committee is in progress. There were no matters that needed escalating to this Committee from the latest officer meeting.

Treasury Management

- 2.6 The regular governance meetings continue to be held with Leeds and Wakefield Councils to consider and review the transactions relating to investments and treasury management. The last meeting was on 13/1/2022 with Leeds City Council and no areas of concern were raised. The high level of cash balances was considered and the challenges this presents with regard to placing funds with approved counterparties. The February meeting of the Combined Authority approved the treasury management strategy that was considered by this Committee at its last meeting.

Key indicators

- 2.7 The Committee has requested regular information via key indicators, specifically with regard to accidents reportable to the Health and Safety Executive and with regard to key controls.
- 2.8 No further RIDDOR incidents have been reported since the previous meeting, leaving the total for the year at two.
- 2.9 Key indicators are monitored in relation to the suite of financial controls undertaken monthly in both the finance and the concessions and integrated ticketing team. These are both up to date as at the time of writing this report.

Financial monitoring

Revenue Budget and Capital budget 2021/22

- 2.10 The financial position is being monitored through the Finance, Resources and Corporate Committee (FRCC) which receives regular reports on expenditure forecasts and financial performance information. The latest reporting on performance against both revenue and capital budget are attached as **Appendices 1 and 2**.
- 2.11 As at January 2022, there is an anticipated £2.2m savings against the revenue budget. The savings are mainly due to staffing costs and bus operator payments and are therefore not expected to recur in future years. These savings are offset by actual election costs being c.£300k higher than what was accrued for at last year end.
- 2.12 Regular forecasts continue to be undertaken and key matters brought to future meetings. At present the key risk remains the impact of the pandemic, and in particular the way in which this impacts on bus recovery. It is still unclear what government funding is available to support this into the new

financial year and how any funding will be distributed as well as how the bus industry will respond to the changing situation.

Capital 2021/22

- 2.13 Progress on capital budgets is attached at Appendix 2, a summary of the capital programme spend and funding as at February 2022 (effectively quarter 3 spend). The appendix includes the indicative programme budget, programme end dates (where applicable) and budgets for 2021/22 and the third quarter spend / claims received from partner authorities.
- 2.14 Capital expenditure in quarter 3 represents just over 57% of the in-year revised forecast. This compares well with previous years spend at quarter 3. It should be noted that the majority of spend across all programmes usually occurs in quarter 4. In 2021/22 the Combined Authority is expecting expenditure in the region of £300 million. This level of spend will continue and is likely to escalate further once new funding streams are confirmed, in particular, the City Region Sustainable Transport Settlement (CRSTS).

Budget 2022/23

- 2.15 The revenue and indicative capital budgets were approved by the Combined Authority on 3rd February 2022 and are attached at **Appendix 3 and 4** for information. The full budget report for the meeting of 3 February 2022 is available [here](#).
- 2.16 The final revenue budget is a balanced position for 2022/23 after one off future year grant funding confirmation received since the draft budget. Looking beyond 2022/23, there are still significant number of risks and challenges ahead, including the recovery from the national pandemic, any additional responsibilities and functions of the new mayoral combined authority, actions that may be required to respond to the UK bus operations and the uncertainty around future funding streams. The focus in the Combined Authority on value for money must continue and previously agreed savings and reductions built into the baseline for 2021/22 will continue going forward, along with additional savings to be identified.
- 2.17 **Appendix 4** sets out the latest forecast budget for capital expenditure and funding by programme for up to 2024/25. Work is currently ongoing to revise the structure of capital reporting in the future to identify spend across the full programme against the Combined Authority's priorities.

4 Tackling the Climate Emergency Implications

- 4.1 There are no climate emergency implications directly arising from this report. All projects approved through the assurance process are required to consider climate impact.

5 Inclusive Growth Implications

5.1 There are no inclusive growth implications directly arising from this report. All projects approved through the assurance process are required to consider their impact on inclusive growth.

6. Financial Implications

6.1 As set out in the report.

7. Legal Implications

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

8. Staffing Implications

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

9. External Consultees

9.1 No external consultations have been undertaken.

10. Recommendations

10.1 That the Committee consider the information contained in this report.

11. Background Documents

None.

12. Appendices

Appendix 1 – Financial monitoring (revenue)

Appendix 2 – Financial monitoring (capital)

Appendix 3 – Revenue Budget 2022-23

Appendix 4 – Capital Estimates 2021-2025