
Report to: Corporate Scrutiny Committee

Date: 20 January 2023

Subject: **Budgets and workforce**

Director: Angela Taylor, Director of Corporate & Commercial Services

Author: Angela Taylor

1. Purpose of this report

- 1.1 To advise the Committee of the latest update on budget and business planning for 2023/24.
- 1.2 To advise the Committee of the conclusions of the workshop on workforce.

2. Information

Background

- 2.1. A working group of the Corporate Scrutiny Committee met in December to consider the emerging position on the business plan priorities and the emerging budget that is required to support that delivery. A focussed session was also held on workforce, considering a range of matters affecting the whole employee cycle. This considered work underway on a range of issues and the plans for continual improvement to enable a fully skilled and flexible workforce to deliver for the Combined Authority. This paper provides updates to that work.

Business planning

- 2.2. Building on the challenges and successes of 2022/23 an emerging draft 2023/24 business plan and budget were considered by the Combined Authority on 8th December 2022. Members were informed that the plan will align to the new, outcome-led directorate operating model and organisational structure, and consider the immediate and emerging financial environment.
- 2.3. The outcome led business plan has the seven key priorities formulated by the Combined Authority and its partners (see Figure 1) at its heart. These are the ultimate long term impacts that the business plan and the resources

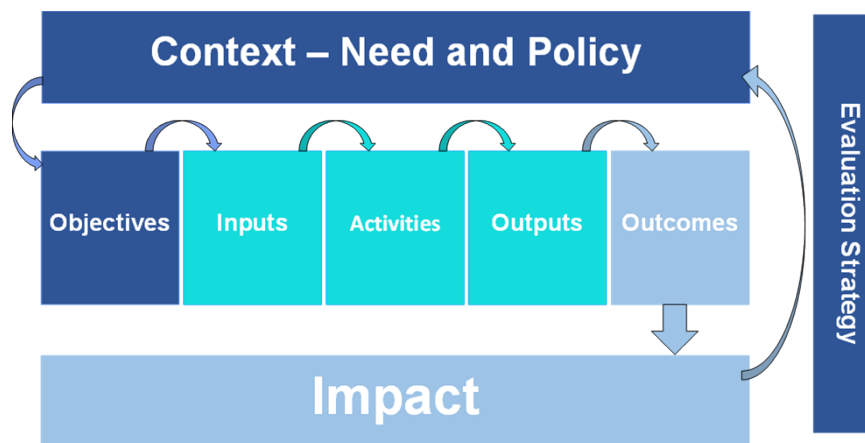
marshalled to achieve it, are being directed to deliver. These are consistent with the emerging West Yorkshire Plan which will be brought to the Board for consideration later this year;

Figure 1: Overview of impacts

Creating an accessible, clean and customer focussed transport system	Building a sustainable, nature rich and carbon neutral region	Enabling a diverse, skilled workforce and accessible learning for all	Empowering our communities, towns and cities to thrive	Championing culture, sport and creativity	Driving economic growth and innovation to enable good jobs	Supporting community safety and accountable, proactive policing
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- 2.4. As the above priorities are underpinned by three cross-cutting aims listed below, so is the outcome led business plan. Directors and their teams have been asked to develop their activities and plan for delivery of outcomes with these themes running through them;
- Tackling the climate emergency;
 - Growing an inclusive economy; and
 - Embedding equality, diversity and inclusion.
- 2.5. The outcomes that will be delivered by the Combined Authority through this coming year’s business plan are heavily influenced by the cost of living crisis and tight fiscal environment that the West Yorkshire partnership is operating in. Consideration has been given to the ability to deliver the activities with the budget and people affordable in this tough fiscal climate.
- 2.6. Business plans have been formulated using a ‘logic mapping’ approach (see Figure 2). Adopting this approach as an integral part of the organisational evolution programme should enable a more effective application of the Combined Authority’s principal resources, namely its people and its budgets.

Figure 2: Logic mapping approach



- 2.7. The approach also enables a more integrated approach to corporate performance monitoring and management through a regular assessment of the KPIs (outputs), budget (inputs) updates and people (inputs) through performance reviews. A greater integration of the corporate approach to risk management is also enabled through this approach. Governance and Audit Committee considered this at the January 2023 meeting.

- 2.8. Embedded in each directorate business plan and at a corporate level are the corporate equality, diversity and inclusion targets to be considered for approval at Strategic Leadership Board this month.
- 2.9. A summary document of the proposed 2023/24 Business Plans for consideration by the Committee can be found in **Appendix 1**. This summary document is a draft early proposition for the 2023/24 Business Plans. Further development of these plans is currently being carried out and will be submitted for final review and approval at the Combined Authority Meeting in February 2023.
- 2.10. The outcome led approach to business planning will be developed further during the course of 2023 to enable a fully aligned and integrated, outcome led, business plan, budget and resource plan for 2024/25. This will also be strongly linked to the Combined Authority's role in delivery of the West Yorkshire Plan.

Budgets

- 2.11. Since the budget briefing in December work has continued to refine the proposals, review assumptions, as well as make any final changes required as a result of the feedback and input from members.
- 2.12. The overall approach and pressures on the budget have not changed since that workshop. In summary the key points to note are:
- 2.13. Work is concluding to enable **a balanced budget** to be brought forward. The summary position last month showed a budget gap of £462k (shown in **Appendix 2**) and it is expected that this will have been reduced down by the time of the decision paper in February, following a review of assumptions and forecast expenditure.
- 2.14. **Inflation** remains the key risk facing the Combined Authority. Despite these pressures, in recognition of the funding challenges facing local authorities, the Combined Authority is not seeking further funding from local authorities and is keeping the transport levy cash flat (this is a reduction in real terms).
- 2.15. Inflationary pressures are at their most severe on **bus tendered services**. It is intended to ringfence non recurring savings on concessionary travel achieved up to March 2023 to meet some of the expected additional costs next year. This will hopefully enable the continuation of existing services while further work is undertaken in the early part of the year to put bus tendered services on a more sustainable footing. This will include considering how the Bus Services Improvement Plan (BSIP) funding is deployed to support and enhance the existing network.
- 2.16. General **reserves** are being held at existing levels. Any budget proposal should be supported by an appropriate reserves policy. Good practice is that such a policy should be based on a risk assessment of the different areas of

spend and income and as such will vary from year to year and from organisation to organisation. The impact of both the after-effects of the pandemic and the current economic crisis is that risks are increased in terms of size and impact. The workings for this year's reserves policy are set out in **Table 1** below and are based on the approach taken in previous years with an updated assessment of the relative risks currently facing the Combined Authority from the national living costs crisis.

Reserves Policy	Budget 2023-24 £m	Reserves 2023-24 £m
Risk on Concessions	46.18	
5% contingency for volatility of payments and bus operator landscape risks		2.31
Risk on Subsidised Bus services (gross)	26.88	
10% contingency due to inflationary and market conditions due to Covid19		2.69
Risk (general) on other areas of spend		
Passenger & Bus Station Services (net)	9.60	
Trade and Inward Investment	1.39	
Policy, Strategy and Communications	7.13	
Financing (net)	7.19	
Corporate Services	9.98	
	35.28	
Risk of inflation increases/capacity demands etc at 10% (previously 5%)		3.53
Other Risks 2023/24 (Covid19, cost of living crisis, operational matters)		2.00
Risk on income		
Risk arising due to lack of certainty on future funding		1.00
Risk that budgeted income falls short of expectations due to recession		1.50
Total reserves required		13.02

- 2.17. **Other reserves** include the West Yorkshire plus Transport Fund (WY+TF) reserve which was established to enable effective management of the borrowing costs of the WY+TF and to avoid the need for sudden increases in levy funding. The WY+TF was established as part of the City Deal forerunner to the Mayoral Combined Authority and required a £250 million local contribution to match Government's £750 million. An annual contribution is being made into this reserve each year to smooth the expected spike in borrowing costs that will shortly commence - the current estimates on the capital programme forecast that this reserve starts to be utilised from 2023/24. The capital spend and use of this reserve for borrowing will be kept under annual review.
- 2.18. The other usable and non usable reserves are set out below for information. The usable reserves are all for specific purposes, such as agreed capital projects while the unusable reserves represent a number of accounting entries required by statute.

Other Reserves

Usable	£000
Transport Bus Reserve	2,000
West Yorkshire + Transport Fund Reserve	53,102
Capital Grant Unapplied	189,606
Usable Capital Receipt Reserve	27,519
Unusable	
Capital Adjustment Account	32,759
Financial instrument Adjustment Account	(1,215)
Pension Reserve	71,738
Revaluation Reserve	7,886
Donated Asset Account	1,787

- 2.19. The **treasury management** strategy is being considered by the Governance and Audit Committee on 12 January before being recommended to the Combined Authority for approval along with the budget. It is included for information as **Appendix 3**.
- 2.20. The overall budget remains under pressure in **future years**. Work will continue work in 2023/24 to review all budgets against the new directorate structure, testing and challenging that all spend is clearly focussed on outcomes and identifying savings plans to balance the budget in subsequent years.

Workforce

- 2.21. The workshop held in December considered a range of topics relating to workforce, and information was shared on headcount, recruitment, internal promotions, attendance at job fairs, approach to diversity and inclusion in recruitment, the various strands of the 'perform and develop' activities and pay and reward.
- 2.22. Members made a number of observations and suggestions which the HR team are taking into consideration as part of their people strategy work. Their particular focus was on understanding the barriers to recruitment and the tactics used to extend reach and ensure potential applicants are aware of the wider benefits of working for the Combined Authority, noting the difficulties many public sector bodies are having in recruiting new talent. They were supportive of the activities in place, and the need to emphasise the full benefits package to applicants.
- 2.23. Members received assurances that the apprenticeship levy is being utilised, including the opportunity to fund higher level apprenticeships. They were keen to understand the data available on workforce, including the staff survey outcomes and the learning from exit interviews and it was acknowledged that when the new HR system comes online later this year that there will be much more data readily available.
- 2.24. The Committee is asked to consider if it wishes to see items on specific workforce issues on future agendas.

3. Tackling the Climate Emergency Implications

3.1 The proposed business plans include actions to support climate change.

4. Inclusive Growth Implications

4.1 Furthering Inclusive Growth objectives is a core aim of the business plan, as are taking all opportunities to improve EDI outcomes for the organisation and for the delivery of its policies. This will be explicitly included in all business plans, in Directorate objectives, and in the KPIs. Corporate KPIs will include EDI targets and actions

5. Financial Implications

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

6. Legal Implications

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

7. Staffing Implications

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

8. External Consultees

8.1 No external consultations have been undertaken.

9. Recommendations

9.1 That the Committee considers the information provided on business planning, budgets and workforce.

10. Background Documents

None.

11. Appendices

Appendix 1 – Draft business plans

Appendix 2 – Draft budget position

Appendix 3 – Draft treasury management statement.