

Report to: Governance and Audit Committee

Date: 16 October 2023

Subject: **Compliance and Monitoring**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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 propose a form of dashboard to facilitate reporting to the Committee on the Combined Authority's compliance with regulatory requirements and increase transparency of the same through regular publication.

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 The Combined Authority's officer level Regulatory and Compliance Board which was established to consider assurance against the internal controls of the Combined Authority has now been amalgamated with a new Corporate Centre Management Board (CCMB) under the leadership of the Chief Operating Officer with membership comprising: Director, Finance and Commercial Services; Director, Strategy, Communications and Intelligence;

Deputy Director, Legal, Governance and Compliance; Head of Human Resources, Head of ICT Services, Head of Internal Audit, and Business Improvement Manager.

- 2.3 Amongst other terms of reference connected with the overall management and leadership of the CA's corporate services, the CCMB will now consider assurance in the areas of internal audit, health and safety, information governance, risks, controls and compliance including financial, procurement, customer contact, HR and other policies, safeguarding, statutory returns and transparency arrangements. CCMB will refer actions, risk and issues to directorate management teams across the organisation and/or escalate matters to senior leadership and management boards as appropriate, to ensure compliance with internal controls and regulatory requirements.
- 2.4 Caroline Allen, Monitoring Officer and formerly Head of Legal and Governance Services has been appointed to the role of Deputy Director, Legal Governance and Compliance and in this capacity will oversee the Combined Authority's internal governance, risk and compliance function.
- 2.5 The integrated Finance, HR and payroll system CI Anywhere will be implemented in November 2023. Implementation will provide improved efficiencies in budget management, HR management and business processes across the organisation. It will support delivery of the Combined Authority's EDI vision through providing workforce data and information in real time, including information regarding pay data, pay gap and protected characteristics information. The system will provide energy efficiency and carbon reduction benefits through being cloud based and providing electronic workflows. Ensuring a strong control environment continues to be a priority. Access controls and system security have been considered by the Project Board which includes the Director, Finance and Commercial Services, Head of Finance and the Head of Internal Audit.

Dashboard Reporting and Key Indicators

- 2.6 Since the last meeting of the Governance and Audit Committee, work has been underway to develop a dashboard to enable reporting to the Committee on key indicators and other management information. The current version of the dashboard is provided at **Appendix 1**.
- 2.7 The dashboard has been populated with data where this is currently available, and work will continue to ensure that all data fields can be populated in future iterations.
- 2.8 Feedback on the design and content of dashboard is sought from members of the Governance and Audit Committee to enable the design to be finalised. It is proposed that the Committee continues to receive this dashboard at future meetings and the dashboard be made publicly available on the Combined Authority's website as part of an expanded publication scheme.
- 2.9 The following key indicators can be drawn from the dashboard:

Complaints, Correspondence and Casework

- 2.9.1 The number of complaints received at stage one has increased over the last three months, however all but one of the complaints have been resolved at stage one during this period.
- 2.9.2 Response times to casework and correspondence dipped below the KPI, of 85% of responses made within 15 working days, in June and July.

Health and Safety

- 2.9.3 The number of health and safety incidents has increased year on year in quarters one and two of this year however, there have been no RIDDORs over the last two years.

Internal Audit

- 2.9.4 The number of fraud/whistleblowing referrals have increased (7 to date) compared to last year (7 in total), one case was upheld last year, investigations are ongoing for the current cases.
- 2.9.5 There are three overdue audit recommendations.

Legal, Governance and Compliance (including Information Governance)

- 2.9.6 There has been a marked improvement (+4.6%) in the number of quorate Combined Authority committee meetings compared to last year with significantly fewer committees cancelled (-5.2%).
- 2.9.7 There has been a significant drop in the percentage of Member declarations of interest returned within the legislative 28 day deadline (-27.6%) despite a robust internal process and reminders being sent regularly to members.
- 2.9.8 Compliance with deadlines for publication of committee agendas and key decisions remains on target (100%).
- 2.9.9 Response times to FOIs have dipped slightly below the Combined Authority's KPI of 100% as one request exceeded the timescales, however these remain significantly above the Information Commissioner's Office (ICO) threshold of 85% which triggers enforcement action. Response times to and data subject access requests have fallen below KPI however this represents only one request that exceeded timescales.
- 2.9.10 There have been no reportable data security incidents.

Human Resources

2.9.11 Percentage of Black, Asian and Minority ethnic employees remains below proportionate representation of West Yorkshire (12% compared to 23%)

Finance and Commercial

2.9.12 The total number of waivers of contract standing orders has fallen year on year (40 to 19).

Information and Communications Technology

2.9.13 The total number of attempted malware attacks has reduced from last year with zero successful attempts.

Financial Update

- 2.10 Revenue and Capital expenditure year to date positions and year end forecasts for the first 3 months of 23/24 have been prepared and will be reported to the Finance Resources and Corporate Committee in November 2023.
- 2.11 The Combined Authority is reporting a Quarter 1 overall revenue position in line with budget, with net revenue expenditure of £6k compared to a budgeted net income position of £23k.
- 2.12 The variations in both income and expenditure are predominantly driven by the project portfolio, where the incidence of income and expenditure varies throughout the financial year, in contrast to budgets which are phased equally across 12 months. The significant variances have been reviewed in detail and all arise from timing differences, for example where expenditure is recovered from third parties and this is only invoiced after expenditure occurs. It is expected that the introduction of the new finance system will facilitate improved phasing of budgets and thereby reduce temporary timing differences.

2023/2024 Quarter 1 Revenue Summary

	Actual to 30-Jun-23	Budget to 30-Jun-23	Difference 30-Jun-23	Difference 30-Jun-23
	£000s	£000s	£000s	%
Income				
Transport Levy	23,050	23,050	-	0%
AEB Income	18,884	17,338	1,547	9%
Pre Paid Ticket Income	6,723	5,500	1,223	22%
Income - Operational	4,404	3,680	724	20%
Funding - Grants	2,540	15,694	(13,154)	(84%)
Tendered Services Income	1,952	1,580	371	24%
Total Income	57,552	66,841	(9,289)	(14%)
Expenditure				
AEB costs	18,854	17,307	(1,547)	(9%)
Concessions	11,191	11,544	353	3%
Consultancy and Professional Services	(210)	613	823	134%
Employee Costs	8,618	9,924	1,306	13%
Financing Charges	557	1,797	1,239	69%
ICT Related Costs	1,136	918	(218)	(24%)
Indirect Employee Costs	326	432	106	25%
Members Allowances & Expenses	58	93	35	37%
Non-staffing Project costs	2,400	13,020	10,620	82%
Premises Costs	1,028	1,846	818	44%
Prepaid Tickets Costs	5,863	5,500	(363)	(7%)
Supplies and Services	715	890	175	20%
Tendered Services	9,297	8,393	(904)	(11%)
Travel, Subsistence & Transport Costs	42	57	14	25%
Total Expenditure	59,874	72,333	12,458	17%
Indirect Contribution* (Capitalisation/ Internal recharges)	2,316	5,515	3,199	(58%)
Net Income / (Expenditure)	(6)	23	(29)	
Net Income / (Expenditure) as a % of Income	(0.01%)	0.04%		

- 2.13 The Combined Authority's capital programme at Quarter 1 shows expenditure of nearly 13% of the February 2023 forecast, with the majority concentrated across the City Region Sustainable Transport Settlement (CRSTS), the Transforming Cities Fund (TCF), the West Yorkshire plus Transport Fund and the Brownfield Housing Fund (BHF).

2023/2024 Quarter 1 Capital Summary

	Indicative Forecast Combined Authority February 2023	Revised In-Year Forecast as at June 2023	Quarter 1 Expenditure 2023/24	% of in- year Forecast
Capital Programme Expenditure				
Transport Programmes				
City Region Sustainable Transport Settlement	100,000,000	103,868,641	14,313,156	13.8%
Transforming Cities Fund (inc. Tranche 1) (non CRSTS)	78,618,210	76,561,367	10,317,227	13.5%
West Yorkshire plus Transport Fund	74,296,599	80,599,518	13,423,262	16.7%
Zero Emissions Bus Regional Areas	15,364,384	3,818,701	-	0.0%
Leeds Public Transport Investment Programme	-	875,007	35,000	4.0%
Integrated Transport Block (CA legacy projects)	3,628,138	3,671,222	168,106	4.6%
Active Travel	7,763,008	9,773,845	1,090,820	11.2%
New Station Fund	7,000,000	7,000,000	-	0.0%
Levelling Up Fund		1,100,863	-	0.0%
Economic Development Programmes				
Getting Building Fund	£0	£0	£0	n/a
Brownfield Housing Fund	£29,579,359	£22,427,115	£0	0.00%
Social Housing Decarbonisation Fund	£0	£7,292,727	£1,646,645	22.58%
British Library North	£100,000	£963,000	£0	0.00%
Corporate Projects	£1,805,649	£2,387,640	£182,043	7.62%
Broadband	£77,425	£25,000	£0	0.00%
Growth Deal - Economic Development	0	£120,000	0	0.00%
Business Accelerator Fund	£3,070,000	£3,070,000	£2,070,169	67.43%
Total Capital Spend	£321,302,772	£323,554,646	£41,176,259	12.73%

- 2.14 Budgeting for 24/25 is underway with progress to be reported to the Finance Resources and Corporate Committee in November 2023 and a draft budget to be reported to the Combined Authority in December 2023.

3. Tackling the Climate Emergency Implications

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

4. Inclusive Growth Implications

- 4.1 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.

5. Equality and Diversity Implications

- 5.1 The Combined Authority workforce has both gender and ethnicity pay gaps, as well as a lower representation of black, Asian and minority staff than the West Yorkshire population. Copies of our latest gender and ethnicity pay gap reports can be found on the [website](#).
- 5.2 With support from our staff network groups, we have developed a [vision and action plan](#) for equality, diversity and inclusion with stretching diversity targets to fulfil our ambition for our organisation to be reflective of the communities we serve, and that everyone recognises as having an exemplary approach. One of our Combined Authority Equality Objectives for 2022-2025 is to ensure our workforce reflect the diversity of West Yorkshire and we have set targets to ensure proportionate representation by 2030. We are proactive about supporting flexible working, and we calculate the pay of all employees using the industry-standard Hay job evaluation system to ensure that all staff are rewarded fairly and consistently, irrespective of gender, ethnicity or any other protected characteristic and we monitor management information on a quarterly basis.

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 considers the information contained in this report.
- 10.2 That the Committee considers and feeds back on the design and content and of the dashboard.

11. Background Documents

None

12. Appendices

APPENDIX 1 – Dashboard.