



West
Yorkshire
Combined
Authority

Tracy
Brabin
Mayor of
West Yorkshire

Report to:	Governance and Audit Committee
Date:	11 January 2024
Subject:	Risk Management
Director:	Alan Reiss, Chief Operating Officer
Author:	Caroline Allen Deputy Director, Legal, Governance & Compliance

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: paragraph 3	
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 present an update on the Combined Authority's compliance with regulatory requirements and internal controls (compliance dashboard).

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 Corporate Centre Management Board (CCMB) under the leadership of the Chief Operating Officer has taken over responsibility for monitoring compliance with regulatory requirements and internal controls.

- 2.3 The integrated Finance, HR and payroll system CI Anywhere went live from 13 November 2023. System implementation was successful and supported by a series of employee and manager roadshow training sessions, training for budget holders and controllers, a dedicated intranet and online learning hubs.
- 2.4 There are further developments and implementation phases to come in the coming weeks and recruitment will be carried out in the system from January 2024. Further modules to be developed will support the approach to talent management and broader HR strategy. The system provides greater efficiencies in processes and integration between finance and budgeting, recruitment advertising and onboarding and payroll, working from one core data set.
- 2.5 Following presentation of the draft compliance dashboard to the last meeting of the Governance and Audit Committee, the dashboard has been published as part of the Combined Authority's publication scheme. An updated version of the dashboard for consideration of the Committee is provided at **Appendix 1**.
- 2.6 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.
- 2.7 The following key indicators can be drawn from the dashboard:

Information and Communications Technology

- 2.7.1 In September 2023 the Combined Authority, along with other transport authorities, was the target of a denial of service cyber attack which rendered its public facing journey planning website unavailable for 7 days. This is a serious matter, which affects the ability of people across West Yorkshire to plan their journeys. Since then, there have been two further instances of denial of service attacks which have affected the website, albeit for shorter periods. During these attacks, we have swiftly communicated with the public via social media and Metroline, and put in place additional protections to bring the service back online as quickly as possible.

Cyber security is rated Very High on the Corporate Risk Register (see item 10). Following the attack on the website, DDoS protection was implemented, which has proved partially effective and assisted with resolving the more recent attacks. Further options are being explored to mitigate further the risks to this key service.

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

Complaints, Correspondence and Casework

2.7.2 The number of complaints received at stage one has increased over the last two months. September saw an increase in correspondence relating to school transport. This is an expected trend when schools return. Queries include overcrowding on the school buses, zero fare passes, boarding cards and reliability. The overcrowding and reliability issues usually settle down within the first few weeks back. October saw an increase due to issues relating to the MCard app. The MCard write app went down on 14 October. Customers were still able to purchase and transactions went through, however the ticket could not be written to the MCard. We estimated over 2000 failed transactions which needed refunding. The refunds were quickly processed by the sales team.

2.7.3 Response times to casework and correspondence met KPIs of above 85% for October and November.

Health and Safety

2.7.4 There have been no RIDDORs reported over the last two years. We are in the process of transitioning health and safety incident reporting into the new CiAnywhere system.

Internal Audit

2.7.5 The number of fraud/whistleblowing referrals have increased (8 to date) compared to last year (7 in total) and the year before that (1 in total). Of all the cases referred to date, 4 are currently still under investigation.

2.7.6 There is one overdue audit recommendation.

Legal, Governance and Compliance (including Information Governance)

2.7.7 There has been a drop (-4.1%) in the number of quorate Combined Authority committee meetings compared to last year however significantly fewer committees cancelled (-7%).

2.7.8 There was an error in the previous dashboard provided to the Committee, the percentage of Member declarations of interest returned within the 28 day deadline has improved year on year from 69% in 22/23 to 96.6% in 23/24.

2.7.9 Compliance with deadlines for publication of committee agendas and key decisions remains on target (100%).

2.7.10 Response times to FOIs have dipped slightly below the Combined Authority's KPI of 100%, however an internal process has been developed as well as communications to Officers to reemphasise the importance of meeting the legal deadline. At 97.4% compliance, this remains 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 the number of requests which have exceeded the deadline remains low in numbers.

2.7.11 There have been no reportable data security incidents.

Human Resources

2.7.12 Percentage of Black, Asian and Minority ethnic employees remains below proportionate representation of West Yorkshire working age adults (13% compared to 19%). For staff joining in the past 12 months, we have matched the West Yorkshire average – 19% of new starters are from a Black, Asian and Minority ethnic background. Recruitment data continues to show positive steps being made.

Finance and Commercial

2.7.13 The total number of waivers of contract standing orders has risen year on year.

Future Developments

- 2.8 At the last meeting of the Committee, Members requested further development of the complaints section of the dashboard. Since that meeting The Local Government and Social Care Ombudsman (LGSCO) has consulted on a proposed joint statutory code of practice for complaints handling with the Housing Ombudsman. The draft code proposed changes to the reporting and monitoring of complaints by local authorities amongst other requirements.
- 2.9 Whilst it is not yet clear how the code will apply in practice to combined authorities, an internal working group has been set up, led by the Legal, Governance and Compliance service, firstly to respond to the consultation and secondly to consider and implement any necessary changes brought about by the code. At this stage the LGSCO intends that the final code will be published early in 2024 and be in use from April 2024.
- 2.10 It is proposed that any further changes to the complaints section of the dashboard together with the wider approach to complaints handling, monitoring and reporting by the Combined Authority be considered by this working group against the requirements of the draft code with an update presented to the Committee for consideration at its meeting in March 2024.

Financial Update

- 2.11 Revenue and Capital expenditure year to date positions and year end forecasts for the first 6 months of 23/24 have been prepared and will be reported to the Finance Resources and Corporate Committee in January 2024. The Combined Authority is reporting a Quarter 2 net income position of £2m compared to a budgeted position of net income of £47k.
- 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.

- 2.13 The significant variances have been reviewed in detail and arise from timing differences, for example where income is received in advance of incurring related expenditure, or where expenditure is recovered from third parties, and this is only invoiced after the expenditure occurs. The introduction of the new finance system will facilitate improved phasing of budgets and thereby reduce temporary timing differences.

2023/2024 Quarter 2 Revenue Summary

	Actual to 30-Sep-23	Budget to 30-Sep-23	Difference 30-Sep-23	Difference 30-Sep-23
	£000s	£000s	£000s	%
Income				
Transport Levy	46,099	46,099	-	0%
AEB Income	36,739	34,817	1,923	6%
Pre Paid Ticket Income	14,070	11,000	3,070	28%
Income - Operational	9,878	7,449	2,429	33%
Funding - Grants	16,666	31,121	(14,455)	(46%)
Tendered Services Income	2,531	3,161	(630)	(20%)
Total Income	125,984	133,646	(7,662)	(6%)
Expenditure				
AEB costs	36,685	34,756	(1,930)	(6%)
Concessions	23,637	23,088	(549)	(2%)
Consultancy and Professional Services	693	1,372	679	49%
Employee Costs	18,312	20,627	2,314	11%
Financing Charges	549	3,593	3,044	85%
Grants and Agency costs	3	568	565	99%
ICT Related Costs	1,791	1,819	28	2%
Indirect Employee Costs	745	872	126	14%
Members Allowances & Expenses	121	186	65	35%
Non-staffing Project costs	10,288	25,172	14,884	59%
Premises Costs	2,804	3,693	889	24%
Prepaid Tickets Costs	12,402	11,000	(1,402)	(13%)
Supplies and Services	1,609	1,834	224	12%
Tendered Services	19,026	16,786	(2,240)	(13%)
Travel, Subsistence & Transport Costs	106	113	7	7%
Total Expenditure	128,772	145,478	16,706	11%
Indirect Contribution* (Capitalisation/ Internal recharges)	4,796	11,879	7,083	(60%)
Net Income / (Expenditure)	2,008	47	1,961	
Net Income / (Expenditure) as a % of Income	1.59%	0.04%		

- 2.14 The Combined Authority's capital programme at Quarter 2 shows expenditure of over 32% 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 Zero Emissions Regional Bus Areas (ZEBRA).

2023/2024 Quarter 2 Capital Summary

	Indicative Forecast Combined Authority February 2023	Revised In-Year Forecast as at Sept 2023	Expenditure upto Quarter 2 2023/24	% of in-year Forecast
Capital Programme Expenditure				
Transport Programmes				
City Region Sustainable Transport Settlement	£100,000,000	£103,031,181	£40,648,563	39.45%
Transforming Cities Fund (inc. Tranche 1) (non CRSTS)	£78,618,210	£71,510,444	£25,574,983	35.76%
West Yorkshire plus Transport Fund	£74,296,599	£81,107,518	£26,191,843	32.29%
Zero Emissions Bus Regional Areas	£15,364,384	£10,108,378	£3,249,643	32.15%
Leeds Public Transport Investment Programme	£0	£824,728	£38,516	4.67%
Integrated Transport Block (CA legacy projects)	£3,628,138	£3,671,223	£1,197,272	32.61%
Active Travel	£7,763,008	£9,113,471	£1,650,230	18.11%
New Station Fund	£7,000,000	£6,759,369	£0	0.00%
Levelling Up Fund		£1,545,684	£6,514	0.42%
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	£6,978,371	£1,654,455	23.71%
British Library North	£100,000	£302,000	£1,097	0.36%
Corporate Projects	£1,805,649	£1,553,409	£542,188	34.90%
Broadband	£77,425	£25,000	£0	0.00%
Growth Deal - Economic Development	£0	£55,000	£0	0.00%
Business Accelerator Fund	£3,070,000	£3,070,000	£2,603,602	84.81%
Total Capital Spend	£321,302,772	£322,082,891	£103,358,907	32.09%

2.15 Budgeting for 24/25 is underway with a draft budget reported to the Combined Authority in December 2023 and a final budget to be taken to the Combined Authority in February 2024.

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 will be considered by Finance and Resources Committee on 18th January and published shortly. <https://www.westyorks-ca.gov.uk/about-us/gender-pay-gap/> Previous 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.

11. Background Documents

None

12. Appendices

APPENDIX 1 – Dashboard.

