

## Report of the Strategic Director of Place to the meeting of Executive to be held on 24 March 2020

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**Subject:**

**BJ**

Arrangements for the establishment of a West Yorkshire Urban Traffic Management Control (West Yorkshire UTMC) Service

**Summary statement:**

The proposals around the development of a joint West Yorkshire UTMC service (WY-UTMC) were previously presented to the Executive on 11 September 2018. The Executive endorsed the proposal that work should begin to develop the establishment of a joint service, hosted by Leeds City Council, and that fuller information regarding this should be presented to the Executive at a future meeting.

The purpose of this report is to inform the Executive on progress made regarding the establishment of the joint service and to seek a formal decision regarding the arrangements and obligations of such a service on the Council.

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**Portfolio:**

Regeneration, Planning And Transport

**Overview & Scrutiny Area:**

Regeneration & Environment

## 1. SUMMARY

- 1.1 The proposals for the development of a joint West Yorkshire UTMC service were previously presented to the Executive on 11 September 2018. The Executive endorsed the proposal that work should begin to develop the establishment of a joint service, hosted by Leeds City Council, and that fuller information regarding this should be presented to the Executive at a future meeting.
- 1.2 The purpose of this report is to inform the Executive on progress made regarding the establishment of the joint service and to seek a formal decision regarding the Council's participation in the joint service and its associated obligations on the Council.
- 1.3 As is normal practice for West Yorkshire+ Transport Fund schemes final approval is now being sought (from all districts) so that a Full Business Case can be approved as part of the Combined Authority's Assurance Process. This report therefore seeks Executive's final approval to the details for the joint service which have been developed in response to Executive's previous resolutions and asks for appropriate delegated authority for the Director of Place (in conjunction with the Portfolio Holder) to approve any final arrangements such as the final detail around the partnership agreement, financial service level agreement etc.
- 1.4 The Joint West Yorkshire UTMC service will be operated under the terms of a Partnership Agreement, which will confirm the legal and governance arrangements, the budget, staffing and funding contributions for the five local authority partners.
- 1.5 The operational accountability of the joint service will be to the West Yorkshire UTMC Strategy Group, who shall report to the West Yorkshire Chief Highway Officer's Group who retain overall responsibility for approving or resolving issues around service delivery. The WY UTMC Strategy Group will comprise one accountable manager from each district, the operational Traffic Manager for each Council, a representative from the Combined Authority and the Head of the Joint Service.
- 1.6 Financial governance and assurance will be provided by a Financial Governance and Assurance Panel comprising one Finance Officer from each of the districts, the Section 151 Officer from the Lead Authority and one Audit Officer from each of the districts.
- 1.7 The WY-UTMC service will be led by a Head of Service with a staffing structure of 34 FTEs which has been designed to provide both resilience in terms of staff numbers and facilitate the creation of a "centre of excellence" through incorporation of resources for such things as R&D activities.
- 1.8 Staff from Bradford, Wakefield and Kirklees Councils will be transferred into the employment of Leeds City Council, to the Joint Service as a TUPE transfer in accordance with TUPE legislation. There has been on-going engagement and

consultation with staff affected and the trade unions about the transfer of the function and about the vision and aims of the new service.

- 1.9 Within its first year of operation a revenue contribution from Bradford of £379,323 from the 2020/21 UTMC budget will be required to fund the joint service. The level of future contributions will be determined by the Finance & Governance Panel annually and will be based on an understanding of capital work programmes which the joint service is actively engaged on delivering across West Yorkshire.

## **2. BACKGROUND**

- 2.1 Currently, UTMC services are delivered independently by each of the West Yorkshire authorities with the exception of Calderdale who procure their services from Leeds City Council. The four West Yorkshire UTMC teams work in different locations to varying service level agreements, with some limited formal cross-boundary operations (e.g. shared external maintenance contracts, shared supply and installation contracts).
- 2.2 The West Yorkshire UTMC project comprises 3 distinct parts:
  - a) The joining up of all districts UTC/UTMC computer systems into one comprehensive system located in the “cloud” (c£2.3m);
  - b) The undertaking of on-street improvements to UTC equipment facilities at key junctions on the West Yorkshire Key Route Network (c£4.0m); and
  - c) The re-organisation of the West Yorkshire UTMC services to provide a better day to day management and co-ordination across the network including key transport partners (public transport operators, emergency services, Highways England etc) through the consolidation of the four West Yorkshire UTC teams amalgamated under TUPE provisions.(c£1.0m)
- 2.3 Discussions in relation to the principle of exploration of establishing a joint West Yorkshire – UTMC service were held with respective Council Leaders and Chief Executives as the development of an Expression of Interest for the project. These discussions were positive and an in principle agreement was reached supporting further exploration of this proposal.
- 2.4 The project was included in the 2015 West Yorkshire-plus Transport Fund submission to government. Based on a £7.3m cost and journey time benefits for all modes of £28.5m the project produced a GVA/£ spent score of 3.9 which ranked it in the top 3 highest scoring schemes in the final list of 33 West Yorkshire agreed projects.
- 2.5 The WY-UTMC service would take over responsibility for the design of new traffic signal installations for all of West Yorkshire and would be responsible for their operation, coordination and maintenance under the governance of a Partnership Agreement. Each district would, however, retain ownership of the traffic signal asset together with responsibility for payment of the associated energy costs. The combined unit would also procure and install signal installations on each district's

behalf.

2.6 The key benefits of the WY-UTMC Service would be:

- Provision of a resilient, well resourced, UTMC service able to maximise the opportunities afforded by economies of scale and efficiency at a time of economic austerity;
- Demonstration to the Department for Transport that the West Yorkshire authorities can work together;
- Provision of a consistent UTMC service across West Yorkshire;
- Provision of better management of congestion to unlock capacity over the highway network;
- Improved journey time reliability for highway travel;
- A more resilient network able to better manage unplanned events;
- Improvement to air quality; and
- Increased employment and promotion of economic growth by the completion of transport schemes across West Yorkshire regardless of administrative boundaries.

2.7 Initial proposals for the WY-UTMC service were presented previously to Executive at its meeting of 11 September 2018 where Executive resolved, inter alia:

**Resolved –**

- (1) That the arrangements for the establishment of a joint West Yorkshire UTMC service be endorsed in principle subject to the outcome of the consideration of the Outline Business Case by the Combined Authority;
- (3) That the principle of allocation of £324,000 from the 2018/19 UTMC budget as Bradford's contribution to the funding of the West Yorkshire UTMC Service; and
- (7) That it be noted that this report discusses the further work required in relation to the establishment of the West Yorkshire UTMC service and that once final agreement has been reached in relation to the operational arrangements for this service a further report by presented to Executive for consideration.

2.8 Further work on the details and arrangements for the WY-UTMC service has now reached a point where arrangements for the delivery and operation of the service are at a critical decision point for each of the district partners (i.e. to confirm their intention to proceed with the establishment of the joint service) prior to consideration of the Full Business Case by the Combined Authority. This report is therefore seeking Executive's confirmation of the acceptability of arrangements as

currently developed and reaffirmation of the Council's intention to move to the joint service operating model early in the 2020-21 financial year.

### 3 OTHER CONSIDERATIONS

#### ***Governance and legal arrangements (see Appendix A)***

- 3.1 Governance and oversight of the WY-UTMC service will be provided by two officer panels – an operational and strategic direction panel and a finance overview panel both of whom provide advisory direction to the service under their respective delegated responsibilities under the Partnership Agreement. The ultimate decision making body for the service will be the Chief Highways Officers group. The respective lines of reporting, panel composition and governance arrangements are shown in Appendix A of this report.

#### ***Staffing Issues (see Appendix B)***

- 3.2 Work on the proposed staffing structure has now been completed following consultation with all affected staff and Trade Unions from across each district. The proposed structure for the WY-UTMC Service is shown in Appendix B and comprises 34 FTEs in total. This structure is sufficient to allow all staff currently within post across West Yorkshire to obtain an equivalent position in the joint service from day one.
- 3.3 Within Bradford the current UTC team comprises 7 FTE posts with 4 vacancies. The proposal would see the three remaining permanent members of staff TUPE transfer to the new service. The contracts of existing agency staff within the service would be terminated on the date of establishment of the joint service.

#### ***Budget (see Appendix C)***

- 3.2 The budget proposals put forward for the joint service have been developed by Leeds City Council's Finance section based on the 2019/20 revenue budgets of each district partner for UTMC together with an allowance of 2.2% for inflationary increases in 2020/21. For Bradford, this equates to a baseline budget contribution of £338,000. Bradford's budget contribution is further increased through the inclusion of an overhead charge initially in 2020/21 based on the relative percentage of our revenue contribution (22.96%) of the projected £180,000 overhead charge, or £41,323. The respective breakdown of each district's initial contribution is shown in the table below:

| Authority                      | No of Signals | %              | Overhead contribution based on 2019/20 base budget (£000s) |
|--------------------------------|---------------|----------------|--|
| Bradford                       | 364           | 22.76%         | £41  |
| Calderdale                     | 107           | 6.69%          | £16  |
| Kirklees                       | 233           | 14.57%         | £18  |
| Leeds                          | 666           | 41.65%         | £84  |
| Wakefield                      | 229           | 14.32%         | £22  |
| <b>Total Number of Signals</b> | <b>1599</b>   | <b>100.00%</b> | <b>£180</b>  |

The total proposed revenue contribution from Bradford for 2020/21 is therefore £379,323 – an increase of £55,323 over the previously approved figure of £324,000.

3.3 The inclusion of this additional overhead in the revenue ‘ask’ of Bradford could be dealt with in a number of ways:

- a) The overall operational budget (both revenue and capital) might become an all-inclusive figure (i.e. the level of service could reduce to deliver a service within the available funding envelope from each district’s contributions);
- b) The required fee contribution might increase, either by increasing the fee percentage of through on-going business growth (it should be noted that this would increase the on-going risk to Leeds); or
- c) The current favoured approach that the overall cost to each district could increase accordingly. For Bradford this approach can be accommodated within the available UTMC budget due to energy efficiencies made in the traffic signal asset giving a degree of headroom over the first twelve month period.

3.4 Finally, Leeds have suggested that moving forward this charging regime should be based on the actual number of assets in each district rather than the existing revenue contribution. This approach would have the following implication for Bradford (inclusive of Leeds overhead charge):

| <b>Authority</b> | <b>Existing Service Costs (£000s)</b> | <b>Based on Base Budget (£000s)</b> | <b>Based on Assets (£000s)</b> |
|------------------|---------------------------------------|-------------------------------------|--------------------------------|
| Bradford         | £349.0                                | £379.0                              | £381.0                         |

#### **4. FINANCIAL & RESOURCE APPRAISAL**

4.1 In July 2016 when the issue of establishing a West Yorkshire UTMC service was discussed by the Chief Executives it was proposed that the value of each district’s 2016/17 revenue budget would be frozen at that time and would ultimately be transferred to the Host authority when the new service came together. This approach would then form the base budget around which the new combined service could be based. For Bradford the allocation of a revenue contribution of £324,100 was approved by Executive for this purpose previously.

4.2 This initial revenue budget allocation will be further supplemented through income generation activities associated with the functions of the service (e.g. recharging of staff time to delivery of capital programmes and charging for temporary “bagging off” of traffic signals).

4.3 Wakefield MDC have now produced a detailed business plan for the joint service to demonstrate how the future viability of the service can be secured by maximising income generation through recharging service costs to capital programmes and

other revenue streams. Within this plan, the total cost of the service is detailed as £3,217,000, funded through an income of £1,722,000 from recharges to capital fees together with a combined revenue budget contribution of £1,495,000 from the district partners in 2020/21.

## **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

- 5.1 Responsibility for the governance of the West Yorkshire UTMC project currently rests with the Calderdale MBC as promoting authority and Project Executive. The wider UTC project is being funded under the West Yorkshire+ Transport Fund funding and project approvals are controlled under the West Yorkshire Combined Authority's Assurance Framework. Therefore a rigorous project management system is in place based around the OGC PRINCE2 (Projects in Controlled Environments) and MSP (Managing Successful Programmes) methodologies.
- 5.2 As part of the management of this project a Project Board has been established comprising representatives of each of the constituent districts and representatives of the Combined Authority.
- 5.3 As part of the Assurance Process a detailed risk assessment has been undertaken for each element of the project (a) through to (c). These risks are reviewed monthly by the Project Board and corrective actions directed where necessary.
- 5.4 The new WY-UTMC arrangement will be underpinned by a detailed Partnership Agreement, determining an agreed budget and funding approach from each of the 5 LA's. The following information relates to the key elements within the partnership agreement for Executive to be made aware of. These issues have been discussed in detail in Section 3 of the report but specific issues are highlighted here. The Partnership Agreement details the UTMC service that is to be provided and the responsibilities of the Head of the Joint UTMC service.
- 5.5 WY UTMC Strategy Group – strategic direction of the WY-UTMC service shall be led by a Strategy Group which will comprise one district policy officer from each of the five districts who shall be an existing member of their Joint Transport Steering Group, the Operational Traffic Manager for each district, one officer representative from the West Yorkshire Combined Authority and the Head of the WY-UTMC service together with any necessary co-opted technical advisors. The Chair of the strategy group will be a District Traffic Manager from one of the LA Partners with the Lead Authority providing the Chair for the first year. This role will rotate through each of the partners on an annual basis. The Strategy Group is advisory and the Chief Highway Officer's Group shall have responsibility for approving the recommendations of the Strategy Group.
- 5.6 Financial Governance and Assurance Panel – The Financial Governance and Assurance Panel shall meet on a quarterly basis and shall be made of the one Finance Officer from each of the LA partners, the Section 151 Officer from the Lead Authority and one Audit Officer from each district partner. This panel will be responsible for agreeing the annual Financial Contributions in accordance with the Partnership Agreement Finance Schedule. The Financial Governance & Assurance

Panel is an advisory group that makes recommendations to the Chief Highway Officer's Group.

- 5.7 Budget: In future years the proportion of the annual budget that each authority pays will be in accordance with the number of traffic signal assets on its roads but the budget itself will be subject to the agreement of each individual authority through the Financial Governance & Assurance Panel. It is currently anticipated that the level of budget increase each year will be 2.2%.
- 5.8 Term of Agreement: The term of the agreement will be 3 years from the commencement date, renewable annually thereafter. One or all partnership members will be able to withdraw from the partnership agreement, after the initial 3 year period where they are concerned about the funding position of the service and therefore the joint service, upon giving three calendar months' notice of their wish to do so. After five years a partner authority may terminate the partnership agreement by giving three calendar months' notice of their intention to do so for any reason. The Partnership agreement will deal with allocation of costs, losses and liabilities between the partnership members in the event of termination.

## **6. LEGAL APPRAISAL**

- 6.1 The Council will remain as Highway Authority and Local Traffic Authority for its area and will retain all of the powers and responsibilities as set out in the Highways Act 1980, Road Traffic Regulation Act 1984 and Traffic Management Act 2004.
- 6.2 If the transfer proceeds, the staff at Bradford Council assigned to the area which it is proposed to transfer, will transfer subject to the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE"). In accordance with the TUPE Regulations 2006 it is necessary for the appropriate recognised Trade Unions of any affected employees to be consulted about any measures envisaged.

## **7. OTHER IMPLICATIONS**

### **7.1 EQUALITY & DIVERSITY**

Due consideration has been given in writing this report to the Council's duties under Section 149 of the Equality Act 2010.

### **7.2 SUSTAINABILITY IMPLICATIONS**

The establishment of the West Yorkshire UTMC service will bring about economies of scale and make the UTMC service more resilient to service revenue funding pressures.

### **7.3 GREENHOUSE GAS EMISSIONS IMPACTS**

Delivery of the West Yorkshire UTMC project, specifically elements (a) and (b) will assist in reducing congestion on the highway network through more effective and efficient co-ordination and operation of traffic signals. By facilitating and controlling traffic movement air quality improvements will be realised not just within the

Bradford district but throughout West Yorkshire.

A formal monitoring and evaluation plan for the West Yorkshire UTMC project is currently being developed as part of the Full Business Case.

#### **7.4 COMMUNITY SAFETY IMPLICATIONS**

There are no Community Safety implications associated with the contents of this report in relation to the establishment of the joint service.

#### **7.5 HUMAN RIGHTS ACT**

There are no Human Rights Act implications associated with the contents of this report.

#### **7.6 TRADE UNION IMPLICATIONS**

The trades unions have already been involved in the process of consultation with staff and will continue to be involved with any HR processes taking place at both the West Yorkshire and Bradford level.

#### **7.7 WARD IMPLICATIONS**

As each ward has a number of traffic signal junctions / crossing facilities all wards are affected by Element (b) of this proposal in relation to the upgrade of traffic signal equipment. Where specific upgrades to existing traffic signals are to be delivered as individual ward members will be advised of the programme for upgrades.

The establishment of the Joint West Yorkshire UTMC Service itself does not have any specific ward implications.

#### **7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS**

Not applicable.

#### **7.9 IMPLICATIONS FOR CORPORATE PARENTING**

There are no corporate parenting issues associated with the subject of this report.

#### **7.10 ISSUES ARISING FROM PRIVACY IMPACT ASSESSMENT**

Initial Privacy Impact and Short Privacy Impact assessments have been undertaken on the proposal to create a West Yorkshire UTMC service. These assessments indicated potential issues in relation to sharing of CCTV camera images from sites across West Yorkshire with the joint service control room for the purposes of monitoring traffic congestion (vehicle license plates being assessed as personal information under GDPR). In line with corporate processes a risk assessment of this issue has been undertaken and identified that appropriate controls and operating protocols can jointly be put in place to manage this risk effectively.

## 7.11 NOT FOR PUBLICATION DOCUMENTS

Appendix C of the report is exempt from publication as its contents are commercially sensitive and is exempt from disclosure in accordance with paragraph 3 (Financial or Business Affairs) of Schedule 12A of the Local Government Act 1972.

## 9. OPTIONS

9.1 The principal option facing Executive in relation to this report is whether or not Bradford wish to sign up to the WY-UTMC model or maintain the status quo.

a) **Option 1 – sign up to the Joint Service Model**

The joint services model provides many benefits to the Council in terms of more efficient and cohesive management of traffic not just on its network but the wider West Yorkshire network also. Staffing of UTMC Engineers has always been difficult given the specialist skill set reducing the pool of applicants for any role. The proposed staffing structure of the joint service provides a framework which has sufficient critical mass to allow training of graduates and apprentices to these roles in the future, thereby assuring the future viability of resources. Concerns about the level of service which would be provided to Bradford by the WY-UTMC service have been addressed within the Partnership Agreement and these as a minimum maintain the level of service currently provided internally.

b) **Option 2 – Maintain the status quo**

With the addition of the management fee by Leeds City Council the joint service model is significantly more expensive to operate than the Council's current arrangements. In the first year of operation funding above the Council's current UTMC budget (excluding energy costs) would be required and this would increase annually thereafter with any budget pressures resulting from reduced capital programme recharges being passed to the Council as one of the partners for payment. Were Executive to decide not to proceed with the joint service formation staffing within the Council's UTMC team would become an immediate issue as the team have lost two members of staff in the intervening period since the joint service was originally proposed. In addition were Executive to decide not to proceed with the establishment of the joint service it is anticipated that the establishment of the joint service would not proceed.

## 10. RECOMMENDATIONS

10.1 That Bradford's support for the formation of a Joint West Yorkshire UTMC Service be confirmed.

10.2 That subject to Leeds Council's confirmation, it be agreed that Leeds City Council hosts the West Yorkshire UTMC Service (which in the first instance will be based at the Joint Services building in Morley).

- 10.3 That the pro-rata allocation of £379,323 revenue funding from the 2020/21 UTMC budgets for the purposes of the first year's revenue budget allocation to the joint service be approved.
- 10.4 That authority be delegated to the Strategic Director of Place, in consultation with the Portfolio Holder to progress all outstanding matters in order to implement the Joint West Yorkshire UTMC Service.
- 10.5 That the approval of the setting of annual budget for the WYUTMC service be delegated to the Assistant Director - Planning, Transportation & Highways in conjunction with the Director of Finance / Section 151 Officer as the Council's representative on the Chief Highway Officers board in line with the provisions of Schedule 11 of the Partnership Agreement.

## **11. APPENDICES**

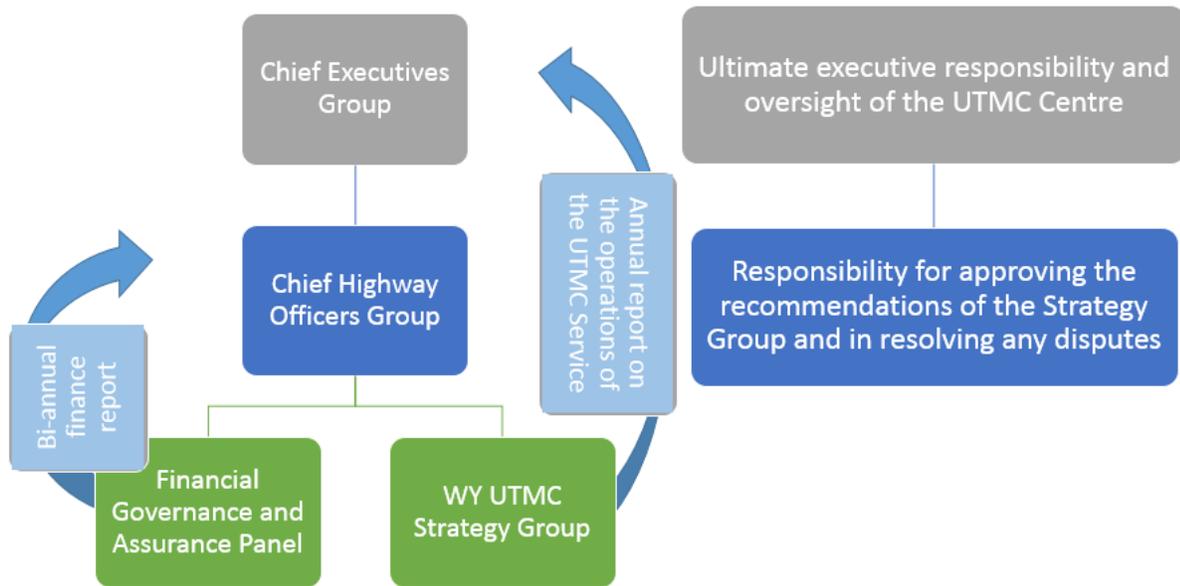
- 11.1 Appendix A – Governance & Oversight Operating Model
- 11.2 Appendix B – Proposed Staffing Structure (WY-UTMC)
- 11.3 Appendix C – Budget 2020/21 (Not for Publication)
- 11.4 Appendix D – Schedule 12 - Financial Schedule (WY-UTMC)

## **12. BACKGROUND DOCUMENTS**

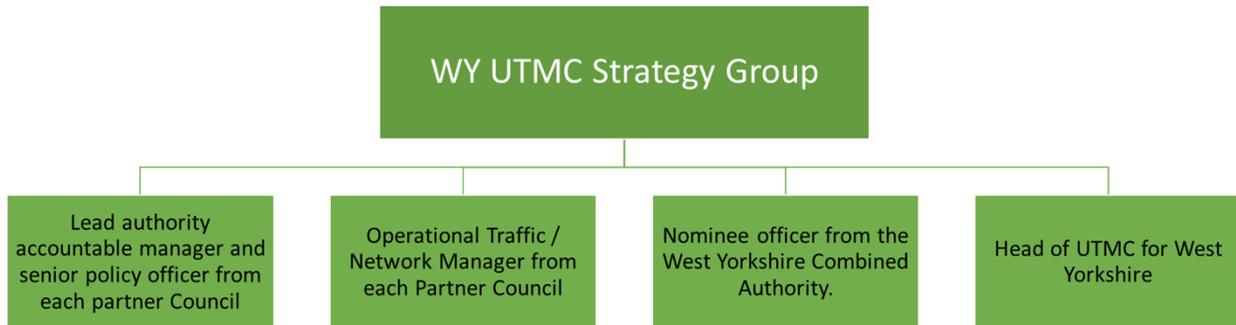
- 12.1 Report of the Strategic Director to the meeting of Executive 11 September 2018, Arrangements for the establishment of a West Yorkshire Urban Traffic Management Control (West Yorkshire UTMC) Service.
- 12.2 Outline Business Case Submission – West Yorkshire Integrated Urban Traffic Management Control (UTMC) Project.
- 12.3 Report to the Directors of Development – WY+TF UTMC Project – Strategic Outline Business Case dated 1 December 2017.

# APPENDIX A – Governance & Oversight Operating Model

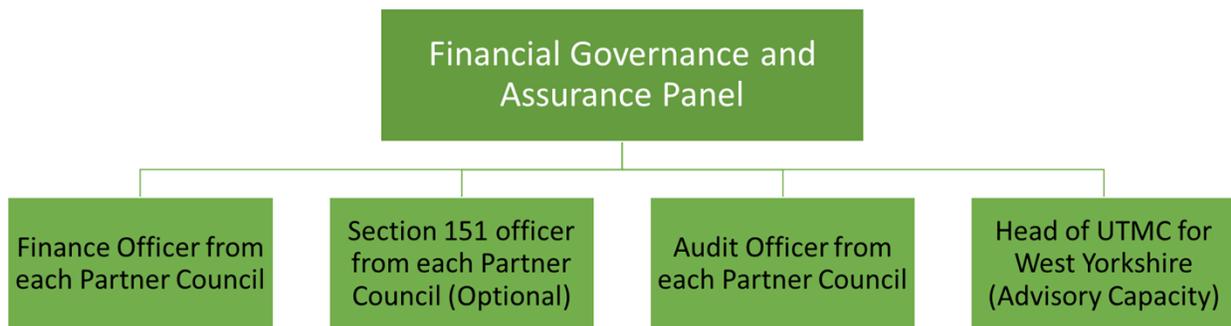
## Overview of Governance Arrangement



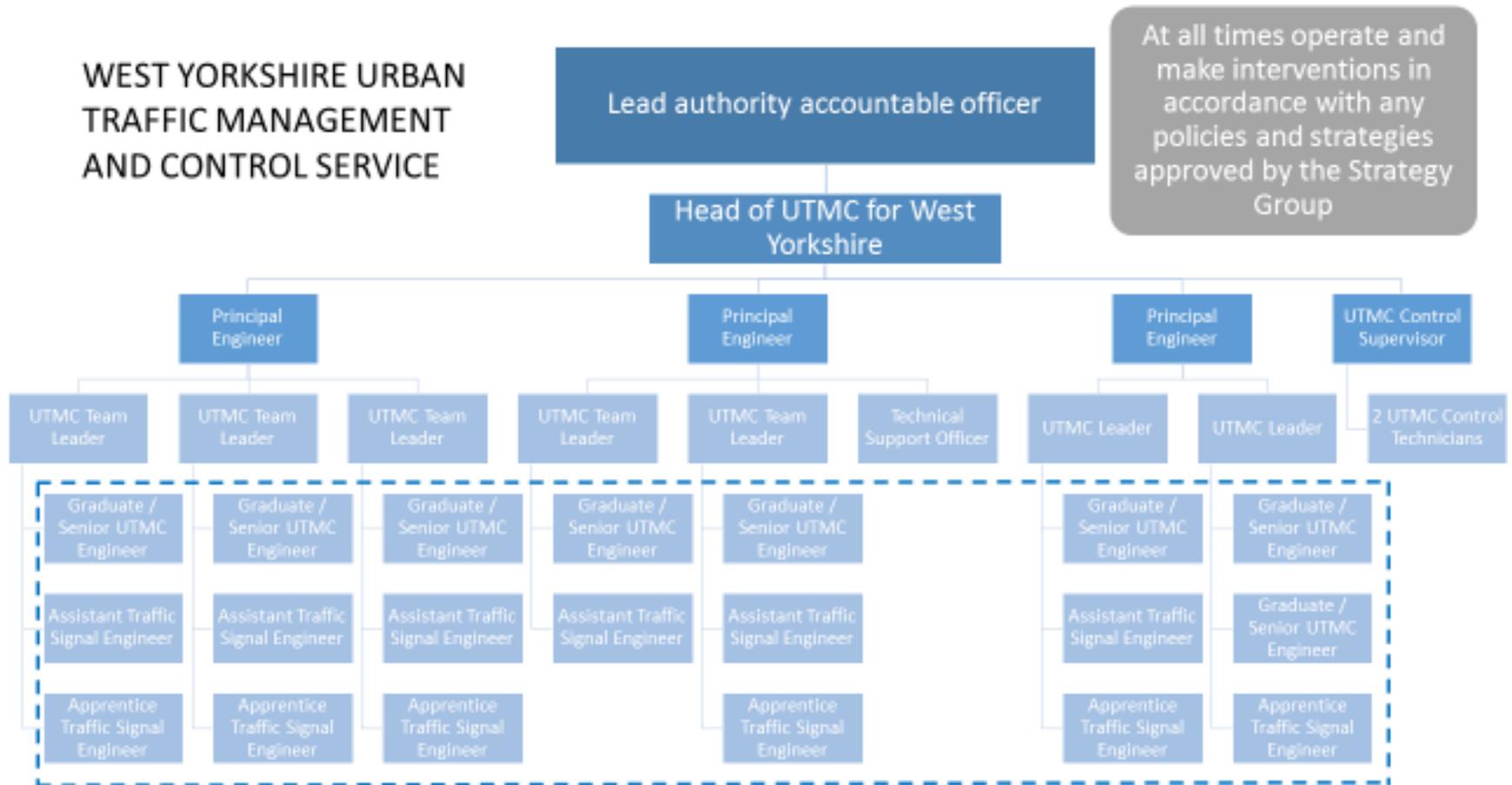
## WY UTMC Strategy Group



## Financial Governance & Assurance Panel



**APPENDIX B – Proposed Staffing Structure (WY-UTMC Service)**



## APPENDIX D – PARTNERSHIP FINANCIAL SCHEDULE

### Financial Schedule (DRAFT)

#### Financial Protocol with regards to the relationship between the Partners

#### 1. General principles

- 1.1 The Host Authority will provide the financial administration accounting system and appropriate associated support for WYUTMC. This shall be performed in accordance with the Host Authority's Financial Procedure Rules. Subject to the statutory role of each Partner's section 151 Officer in relation to their council, the Host Authority shall provide the services of its Chief Financial officer and its section 151 officer to WYUTMC.
- 1.2 Each Partner will contribute its Financial Contribution commencing on the Commencement Date or on a pro-rata basis in the event of a delay. The Host Authority shall not inherit any debt or liability incurred by any of the Partners prior to the Commencement Date.

#### 2. Calculating the Financial Contribution

- 2.1 The partners are committed to the fair and equitable resourcing of WYUTMC while ensuring that the full cost of the Service is recovered. Each Partner will be required to contribute its share of the agreed annual budget of WYUTMC. The Financial Contributions for the year 2020/21 are set out in table 1 below.

**Table 1**  
**TO BE ADDED**

- 2.2 The Financial Contributions for every subsequent year of operation of WYUTMC or part thereof shall be calculated in accordance with the following:
  - the proportion of the overall WYUTMC budget to be paid by each Partner shall be in line with the 2020/21 Financial Contribution; and
  - the sum of the Financial Contribution shall be in line with the 2020/21 Financial Contribution except to the extent that the costs of providing the Service and / or Host Support change (whether an increase or a decrease) due to the factors listed in paragraph 4.2 of this Schedule in which case the Financial Contributions shall be amended in line with these changes.
- 2.3 Until such time as unanimously agreed by the Partners the following items of income and expenditure will remain the responsibility of each of the Partners
  - **TO ADD POINTS**

#### 3. Payment Arrangements and VAT

## **APPENDIX D – PARTNERSHIP FINANCIAL SCHEDULE**

3.1 Following agreement of the annual budget by the Management Board (as described in paragraph 5 of this Schedule 5) each Partner shall be notified of their Financial Contribution. The Financial Contribution shall be paid in four equal instalments on 15 May, 15 August, 15 November and 15 February in each calendar year of operation of OAWY or on the next working day if these dates fall on a weekend or a Bank Holiday. Payment is to be made by BACS to the Host Authority's bank account.

3.2 The Host Authority will account for VAT.

### 4. Budgetary Control and Monitoring

4.1 The Head of Service WYUTMC shall prepare a draft annual budget for consideration by the Management Board and approval by each of the Partners as part of its budget setting process. The budget will be used to calculate the Financial Contribution from each Partner as identified in paragraph 2 above. The Host Authority is not authorised to operate or budget for an accumulative or deficit position. In the event that the annual accounts are closed in a deficit position, the deficit will be made good by the Partners contributing in the same proportions as the Financial Contributions to the annual budget. Any surplus shall be carried over and returned to the Partners in the same proportions as the Partners' Financial Contributions determined by the Management Board.

4.2 The Host Agency's Section 151 Officer shall ensure there are mechanisms in place to enable budgets to be managed in line with the available resources and any variations to the budget are identified as early as possible. The Host Authority's Section 151 Officer will submit quarterly budget monitoring reports of WYUTMC to the Management Board. These reports will include explanations of any significant variances against the profiled budget. The Management Board will review the expenditure and forecast to ensure that the allocated budget is being correctly adhered to. Each year, the Management Board shall be presented with a proposed budget for WYUTMS for the following financial year by 30 September prior to the start of the financial year for agreement by 31 December recognising each Partner's budget cycle and subject to financial approval in accordance with the financial procedures and constitutional arrangements for the Host authority. The proposed budget shall be based on the 2020/21 budget subject to adjustments (where an increase or a decrease) to allow for (i) indexation in line with local authority pay awards; (ii) other changes in staff pay; (iii) changes in the type, nature or quantum of the Service to be provided and (iv) changes in law, government policy and guidance and best practice.

### 5. Capital expenditure and Long Term contracts

5.1 The Head of Service WYUTMC shall be enabled to expend capital which has been previously authorised as part of the annual budget and Financial Contributions. Other capital expenditure shall require unanimous agreement of the Partners.

## **APPENDIX D – PARTNERSHIP FINANCIAL SCHEDULE**

5.2 Contracts for goods, works and services must not exceed a period of three years during the Initial Period and the Host Authority shall not thereafter enter into contracts exceeding a period of 2 years unless agreed by the Management Board along with suitable arrangements for meeting all Host Authority obligations under the contract. The Host Authority shall not enter into contracts that exceed the Term unless unanimously agreed by the Management Board.

### 6. Annual accounts and audit following each year end

6.1 The Host Authority shall prepare the annual account for WYUTMC in a manner compliant with the relevant legislation, regulations and guidance within any statutory timescales applicable and shall ensure that the relevant information is available for external inspection and scrutiny. The Management Board must approve the annual account in line with Local Authority statutory deadlines which shall be presented along with an annual audit letter or equivalent prepared by the external auditor/reviewer. The cost of the specific audit/review shall be borne by the WYUTMC budget. The Management Board shall decide on any money surplus or deficit balance in accordance with the principles set out in this Schedule 5.