

**MINUTES OF THE MEETING OF THE OVERVIEW AND SCRUTINY
COMMITTEE HELD ON FRIDAY 14 SEPTEMBER 2018 AT COMMITTEE
ROOM A, WELLINGTON HOUSE, LEEDS**

Present:

Councillor Robert Light (Chair)	Kirklees Council
Councillor Stephen Baines MBE	Calderdale Council
Councillor Jenny Brooks	City of York Council
Councillor Glenn Burton	Wakefield Council
Councillor Ashley Evans (Substitute)	Calderdale Council
Councillor Richard Forster (Substitute)	Wakefield Council
Councillor Dot Foster	Calderdale Council
Councillor Christina Funnell	City of York Council
Councillor Peter Harrand	Leeds City Council
Councillor Faith Heptinstall (Substitute)	Wakefield Council
Councillor David Jenkins	Leeds City Council
Councillor Paul Kane	Kirklees Council
Councillor Sarfraz Nazir	Bradford Council
Councillor Marielle O'Neill	Kirklees Council
Councillor Mike Pollard	Bradford Council
Councillor Denise Ragan	Leeds City Council
Councillor Ann Reid MBE (Substitute)	City of York Council
Councillor Rosie Watson	Bradford Council

In attendance:

Steve Barnbrook	Calderdale Council
Councillor Jenny Lynn	Calderdale Council
Khaled Berroum	West Yorkshire Combined Authority
Sue Cooke	West Yorkshire Combined Authority
Henry Rigg	West Yorkshire Combined Authority
Angela Taylor	West Yorkshire Combined Authority

10. Apologies for absence

Apologies for absence were received from Councillors James Baker, Ian Cuthbertson, Graham Isherwood and Betty Rhodes.

11. Declarations of Disclosable Pecuniary Interests

No interests were declared.

12. Possible exclusion of the press and public

There were no items requiring the exclusion of the press and public.

13. Minutes of the meeting held on 13 July 2018

Resolved: That the minutes of the meeting held on 13 July 2018 be approved.

14. Governance arrangements

The Committee was provided with confirmation of substitute members appointed since the last meeting. It was reported that other outstanding substitute nominations were currently going through the formal nomination process.

Resolved: That the confirmation of substitute members appointed since the last meeting be noted.

15. Scrutiny Work Programme

The Committee considered the Scrutiny Work Programme for the 2018/19 municipal year.

The Committee was informed that the Ministry of Housing, Communities and Local Government and Centre for Public Scrutiny are aiming to collate feedback regarding new scrutiny guidance by the end of September 2018. Members were asked to complete the questionnaires circulated to them and return them to the Scrutiny Officer.

Members suggested that the Transport Working Group consider the Joseph Rowntree Foundation's recently published report entitled 'Tackling transport-related barriers to employment in low-income neighbourhoods'.

It was clarified that external bodies and non-members can be invited to participate in working group meetings and the scope and operating procedure of working groups was currently under review.

Resolved:

- i) That the agenda for the 2018/19 municipal year's meetings as outlined in Appendix 1 be approved.
- ii) That workshops involving members and substitutes be arranged to discuss and consider the review of scrutiny arrangements.
- iii) That the issue of productivity be considered further in detail in a workshop setting as a standalone item.
- iv) That the Transport Working Group consider the Joseph Rowntree Foundation's report 'Tackling transport-related barriers to employment in

low-income neighbourhoods' at a future meeting.

16. Ministerial review of Local Enterprise Partnerships (LEPs) - Leeds City Region response

The Committee considered a report outlining the background, findings and implications of the recent ministerial review of Local Enterprise Partnerships (LEPs) and received a further verbal update on the latest progress relating to the Leeds City Region position and response.

After questions and discussion, the Committee learned that:

- Early discussions between the Leeds City Region and York, North Yorkshire & East Riding LEPs had been positive, recognising the economic case for a LEP covering West Yorkshire, York and North Yorkshire.
- Details around operational, corporate and governance arrangements were still under discussion and would be progressed as final proposals are agreed. The two LEPs currently have different operating and governance arrangements in place.
- Further clarity on North Yorkshire and York's position was expected after the York, North Yorkshire & East Riding LEP Board met that same morning on 14 September 2018.

The Committee noted the government's position that they will 'encourage areas to move towards coterminous LEP and mayoral combined authority boundaries' and their recognition that 'this will not be possible in all cases'.

After further discussion, the Committee agreed that:

- Any geographical outcome arising from discussions should not become a long term obstacle to devolution.
- Although, there were legitimate economic and strategic reasons for the current geographical overlap between the LEPs, the government's position seeking to eliminate overlaps going forward was supported.
- Resolving the existing overlap between Leeds City Region and North Yorkshire and bringing together two separate organisations with different cultures and operating models is a challenge that must be carefully approached in a unifying, cooperative manner.
- The use of unifying, cooperative language is equally important in gaining the support of the business community, the public and elected members.
- It is important that there is fair representation for all member councils in any governance arrangements and assurance processes.
- The review's requirement that LEP Boards be a maximum of 20 persons (with 5 additional sectoral co-optees) and comprise of two-thirds private

sector members presents an additional challenge to ensuring all member councils are fairly represented.

- If fair representation was not possible at a LEP Board level, it is increasingly important to ensure there is fair representation on panels and committees reporting to the LEP Board.
- A newly constituted LEP review scrutiny working group could help to resolve any differences between the concerned parties and that North Yorkshire and York members should be invited to participate in the working group if possible.
- The LEP should consider frequently engaging more directly with all district councils, members, and scrutiny committees within their LEP area in future – not just the accountable body – to ensure all councils can contribute to developing the LEP's policies and programmes.

The Committee **concluded** that:

- The current preference to unite the Leeds City Region, York & North Yorkshire LEP areas, with the West Yorkshire Combined Authority as the accountable body, be supported.
- A West Yorkshire LEP, geographically coterminous with the West Yorkshire Combined Authority as accountable body, be recommended for consideration as the alternative option.

Resolved:

- i) That the findings of the ministerial review of LEPs and the current Leeds City Region position be noted.
- ii) That the current preference to unite the Leeds City Region, York & North Yorkshire LEP areas, with the West Yorkshire Combined Authority as the accountable body, be supported.
- iii) That a West Yorkshire LEP, geographically coterminous with the West Yorkshire Combined Authority as accountable body, be recommended for consideration as the alternative option.
- iv) That the 'SEP Working Group' be reconstituted as the 'LEP Review Working Group' and be assigned the tasks of:
 - (a) Engaging with and monitoring the LEP's implementation plan with a focus on ensuring governance, assurance and scrutiny arrangements are robust, transparent and beneficial to all parties
 - (b) Scrutinising the development of the Assurance Framework and risk management processes in compliance with new government guidance
 - (c) Scrutinising the development of the Local Inclusive Industrial Strategy and policy framework, with a focus on measuring

17. Business Grants

The Committee considered a report providing an update on business grant activity and programmes being delivered or part funded by the Combined Authority since last reporting on 24 January 2018.

After questions and discussion, the Committee learned that:

- The new Apprenticeship Grant for Employers (AGE) programme, which commenced in August 2018, differs from the previous iteration of the programme in that, with less available funding, the new programme will focus only on smaller businesses that have not previously had an apprentice and in specific subjects linked to priority sectors where there are skill shortages.
- Micro businesses (with fewer than 9 employees) are eligible for apprenticeship funding as long as they can provide the right educational environment and support for the apprentice to complete qualifications.
- The working definition of productivity that the proposed Productivity Pilot will use is the definition used by the Office of National Statistics (ONS). Businesses in the pilot will be asked to use the ONS's productivity measurement tool as a condition of funding at the start and end of their investment projects to enable a consistent approach to measuring the impact of the funding on each grant recipient.
- The Inclusive growth criteria were developed by the LEP and Combined Authority for the Business Growth Programme (BGP) and have not been extended to all business grants schemes.
- After a period of consultation on the principles of inclusive growth criteria, the Combined Authority and LEP agreed to evaluate the effectiveness of inclusive growth criteria which were ultimately adopted for the BGP programme over a six-month period, with a progress report due in February 2019.
- Some business grants programmes are focused on outcomes other than job creation. The Resource Efficiency Fund has a focus on environmental targets and outcomes around reducing carbon emissions and Access Innovation is focused on the development of new products and processes.
- In Appendix 2, the 'N/A – not applicable' figure for jobs created for the Apprenticeship Grant for Employers ('AGE II') is because the programme had only just restarted (in mid-2018) and has not yet begun producing outputs. The previous iteration of the programme which ended in mid-2017 ('AGE I') produced 3,344 apprenticeships from 2,924 grants to businesses.
- In Appendix 2, the '0' figure for jobs created for the Digital Enterprise

programme is due to outputs only being determined by external partners (Leeds City Council) delivering the programme 12 months after investment. The '1,156.6' proposed jobs figure included in Appendix 2 relates to the jobs that the businesses on the programme collectively expect to create over the next two years. The actual contracted jobs target for the LEP's share of funding was 75 jobs and Leeds City Council colleagues had confirmed that those 75 jobs have now been created and the target achieved.

- In Appendix 2, the gap between actual jobs and proposed / target jobs was due to a technicality of reporting mechanisms. Some grant programmes report outputs after 12 months of activity, others are compiled by partners (such as Leeds City Council) before being shared with the Combined Authority. Officers were optimistic that by the end of the monitoring life cycles of the programmes, the targets would be met. For future reports, officers proposed to divide statistics between jobs created from projects that have ended and those still in delivery.
- The government has committed to protecting funding for European funded programmes until 2021 and Combined Authority officers have proactively sought to bid for European funding again in 2019 to ensure successful programmes can be continued and new ones can be introduced. This includes programmes focusing on recycling and the 'circular economy'.
- Leeds City Council was the only applicant to deliver the administrative grant-appraisal element of smaller BGP grants (under £50,000). Other partner councils expressed satisfaction with Leeds City Council's delivery of that element of the BGP programme on behalf of all Leeds City Region councils to date.

After further discussion, the Committee agreed that:

- Inclusive growth and commitments around disabilities, mental health and wellness at work should be a central feature of all criteria for business grants programmes and should not be limited to larger grant awards or be relegated to an option from a wider list of possible commitments.
- Greater consideration should be given to strengthening environmental commitments in core criteria, target outputs and outcome evaluation for grant programmes in future.
- A business grant / support scheme aiming to promote sustainable recycling and reduce use of non-recyclable materials should be considered for development.
- Although external funding requirements necessitate a large focus on meeting spending targets and measuring numerical outputs such as jobs created, the Committee is keen to see a greater emphasis on monitoring and evaluating the outcomes arising from outputs. For instance, determining how many of the 3,344 apprenticeships created have led to full time, meaningful jobs in key sectors.

- Outcome reports should be produced for each programme upon their completion to allow scrutiny members to better assess value for money and whether there have been, or likely to be, positive, long-lasting changes for local communities.
- It would be useful to compare Leeds City Region's performance against other combined authority and LEP areas, such as Greater Manchester and Sheffield City Region, subject to available data of comparable programmes.
- It would be useful to include a breakdown of funding sources for each programme and the associated risks related to funding in future reports.
- Data should be collated as frequently as possible and there should be closer monitoring of outputs and performance, especially where third parties are involved in delivery, to ensure that data is as current as possible.

In conclusion, the Committee **recommended**:

- That work should begin on exploring the extension of inclusive growth criteria to all current and future business grant programmes at all grant award levels and conclusions reported back to the Overview & Scrutiny Committee.
- That, upon the conclusion of a business grant programme, a full outcomes report for each programme be produced for the Overview & Scrutiny Committee focusing on, but not limited to, inclusive growth, productivity, job creation, innovation, and environmental outcomes.

Resolved:

- i) That the following recommendations be made:
 - 1st) That work should begin on exploring the extension of inclusive growth criteria to all current and future business grant programmes at all grant award levels and conclusions reported back to the Overview & Scrutiny Committee.
 - 2nd) That, upon the conclusion of a business grant programme, a full outcomes report for each programme be produced for the Overview & Scrutiny Committee focusing on, but not limited to, inclusive growth, productivity, job creation, innovation, and environmental outcomes.
- ii) That the report and developments since 24 January 2018 be noted and a further report on business grants be brought back to a future committee meeting so that the Committee can monitor progress against recommendations, outputs and outcomes.

18. Business planning and Budget 2019/20

The Committee considered a report on the work underway to progress business and budget planning for 2019/20.

After questions and discussion, the Committee learned that:

- The Combined Authority maintains a corporate risk register under the RAG (red, amber, green) system, which a scrutiny working group contributed to developing in the past. The risk register is reviewed and updated periodically and after new decisions are taken.
- There are some contingencies in place to support the bus network in the event that one of the larger bus operators ceases to operate very suddenly. The Combined Authority has pursued a policy of seeking to increase competition for bus tenders in order to strengthen market resilience.
- Fuel prices and inflation that ultimately impact on concessionary reimbursement and bus tendered services are taken into account in risk assessments and in setting reserves policy, but are ultimately outside the Combined Authority's control.
- Work is under way to reduce the amount of bus service subsidies by finding efficiencies in routes, reducing operating costs and periodically reviewing currently subsidised routes to reassess their commercial viability and whether they still require subsidies.
- The Enterprise Zones programme is a priority area for the Combined Authority due to the potential revenue arising from business rates receipts. A new internal Combined Authority team has been created to deliver the Enterprise Zones programme in partnership with delivery teams in each partner council. Further information on the programme can be provided in the budget report at the next meeting.

The Committee **concluded** that:

- It expected full risk assessments to be undertaken for any significant policy decision prior to the decision being made, to give decision makers and members an accurate picture of potential risk and details of planned interventions that might be necessary to mitigate the identified risks.

Resolved: That the report be noted and the Committee's suggestions be considered further.

19. "West Yorkshire... and beyond: Calderdale Council's contribution to the Combined Authority"

The Committee was presented with the findings and recommendations of a scrutiny review conducted jointly by Calderdale Council's scrutiny boards into Calderdale Council's engagement with, and contribution to, the West Yorkshire Combined Authority. The item was presented by Councillor Jenny

Lynn of Calderdale Council's Strategy and Performance Scrutiny Board.

The Committee welcomed the review and suggested that all partner councils periodically review their engagement with, and contribution to, the West Yorkshire Combined Authority as an integral two-way, mutual appraisal process which will drive improvements in partnership working.

The Committee also agreed that district scrutiny committee work programmes should take into account the Combined Authority's policies, programmes and decisions and suggested that this Committee consider holding meetings in other districts.

The Committee supported the review's recommendations to the Combined Authority (as outlined in Appendix 1 of the report).

Resolved:

- i) That the findings of the review be noted and welcomed.
- ii) That the review's recommendations to the Combined Authority, as outlined in Appendix 1 of the report, be supported.

20. Summary of recommendations arising from this meeting

- 1st) That work should begin on exploring the extension of inclusive growth criteria to all current and future business grant programmes at all grant award levels and conclusions reported back to the Overview & Scrutiny Committee.
- 2nd) That, upon the conclusion of a business grant programme, a full outcomes report for each programme be produced for the Overview & Scrutiny Committee focusing on, but not limited to, inclusive growth, productivity, job creation, innovation, and environmental outcomes.

21. Date of the next meeting - 16 November 2018