

Report to: Governance and Audit Committee

Date: 17 January 2019

Subject: **Overview and scrutiny update**

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1. Purpose of this report

- 1.1 To provide the Governance and Audit Committee with an update on overview and scrutiny activity this municipal year (2018-19).

2. Information

Background

- 2.1 Combined authorities and local authorities are required by legislation to appoint at least one overview and scrutiny committee and designate an officer as the statutory scrutiny officer with the responsibility of supporting and advising the Committee in its work, coordinating and facilitating the scrutiny process, and helping the committee fulfil its work programme.
- 2.2 The Combined Authority's Overview and Scrutiny Committee is responsible for scrutinising any decision or action taken by a decision-making committee or officer in connection with any function of the Combined Authority or the Leeds City Region Enterprise Partnership (LEP).
- 2.3 The Committee performs this function by receiving reports on key issues, making formal recommendations which must be responded to within two months, postponing and 'calling-in' decisions, arranging working groups, initiating inquiries and producing reports into major issues of concern.
- 2.4 An overview of scrutiny's functions and powers is outlined in the Scrutiny Standing Orders, approved every year at the Combined Authority annual meeting, available to view online here:
<https://westyorkshire.moderngov.co.uk/documents/s8159/Scrutiny%20Standing%20Orders.pdf>

2018/19 scrutiny work programme and agenda forward plan

- 2.5 Each year, the Committee undertakes to develop its work programme. A summary of the current Scrutiny Work Programme is attached at **Appendix 1**.
- 2.6 The Committee set its work programme and agenda forward plan at its first meeting of the municipal year on 13 July 2018 where it agreed to look further at the following issues:
- Budget planning and priorities
 - Assurance Framework review
 - Business grants programme
 - Apprenticeships
 - Inclusive Growth
 - Transport priorities
 - Fuel poverty
 - Flood Review recommendations
 - Combined Authority's engagement with the public
 - Devolution
 - Productivity

Ongoing reviews

- 2.7 At the 13 July 2018 meeting, the Committee agreed that the time was right to revisit and conduct a review of scrutiny arrangements and their effectiveness, with member involvement and input. The review will take into account new government guidance for scrutiny due to be issued imminently and is expected to reform how scrutiny currently functions.

Scrutiny Working Groups

- 2.8 Last year's Transport scrutiny working group was reappointed to consider the new Transport Committee Chair's priorities and how the Overview and Scrutiny Committee can better engage with the Transport Committee and transport issues without duplicating efforts.
- 2.9 The Transport Working Group is currently preparing a summary of conclusions arising from its recent meetings considering the Joseph Rowntree Foundation's (JRF) report entitled 'Tackling transport-related barriers to employment in low-income neighbourhoods' and potential Transport issues for the Overview and Scrutiny Committee to consider further including rail performance, accessibility and integrated ticketing.
- 2.10 The Strategic Economic Plan (SEP) working group was also reappointed to consider the Assurance Framework review with a particular focus on risk management and appetite. After developments arising from the national ministerial review of LEPs, the SEP working group was reconstituted a '**LEP Review Working Group**' and assigned the tasks of:

- i) 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
- ii) Scrutinising the development of the Assurance Framework and risk management processes in compliance with new government guidance
- iii) Scrutinising the development of the Local Inclusive Industrial Strategy and policy framework, with a focus on measuring outcomes and performance indicators
- iv) Engaging with North Yorkshire and York scrutiny members

Scrutiny's consideration of matters relating to the Governance and Audit Committee's remit

2.11 Scrutiny has considered a number of issues this year so far which pertain to the Governance and Audit Committee's remit and focuses.

Risk assessment in budget planning and decision making

2.12 When business planning and the 2019/20 budget were considered at the 14 September 2018 committee meeting, Members noted 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.

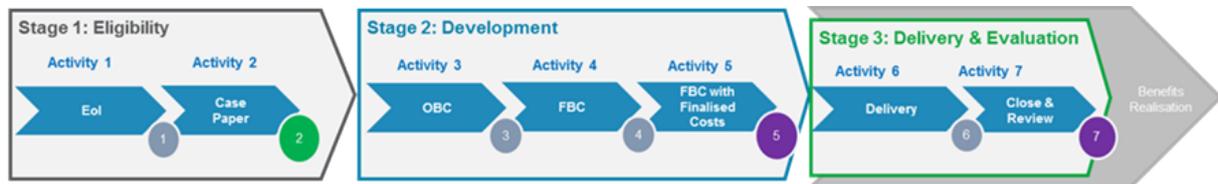
2.13 The Committee concluded that it expected full risk assessments to be undertaken for any significant policy decision prior to the decision being made, to give decision makers and members an accurate picture of potential risk and details of planned interventions that might be necessary to mitigate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

Greater scrutiny of the assurance process

2.14 The LEP scrutiny working group met on 9 November 2018, 14 December 2018 and 4 January 2019 to discuss proposed revisions to the assurance framework. Although the publication of new national assurance framework guidance is still being awaited, officers were sighted with an early draft version

which, although not final, provided an insight into what changes could be expected.

Figure 1: Assurance Process



- 2.15 Members discussed some of the changes to the existing framework proposed by officers in more detail and concluded amongst other things that the presence of scrutiny in the assurance process could be better highlighted, for instance in the Assurance Process diagram highlighted in **Figure 1** (above) and throughout the Assurance Framework document, where appropriate.

Other main conclusions this municipal year and items for the next meeting on 22 March 2019

- 2.16 At its 14 September 2018 meeting, the Overview and Scrutiny Committee agreed a two recommendations relating to the business grant programmes, as follows:
- 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.
- 2.17 The Overview and Scrutiny Committee has requested a report detailing the background to the development of the current inclusive growth criteria for the Business Growth Programme (BGP) and an assessment of the options relating to extending inclusive growth criteria to all business grant programmes to be brought to the 22 March 2019 committee meeting.
- 2.18 In addition to Business Grants, other items due for discussion on 22 March 2019 include:
- Corporate Plan and performance
 - Changes to scrutiny arrangements and compliance with scrutiny guidance
 - Transport priorities
 - Devolution (if there are any developments)

3. Financial Implications

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

4. Legal Implications

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

5. Staffing Implications

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

6. External Consultees

6.1 No external consultations have been undertaken.

7. Recommendations

7.1 That the Governance and Audit Committee note and comment on the report.

8. Background Documents

[Scrutiny Standing Orders](#) (amended on 3 January 2019) – West Yorkshire Combined Authority.

9. Appendices

Appendix 1 – Scrutiny Work Programme Summary (January 2019)