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Response to Overview & Scrutiny Committee Budget Feedback - 16 April 2018

This feedback provides a formal response to those points raised by the West Midlands Combined Authority's Overview & Scrutiny Committee in its feedback on the draft budget report. Whilst a number of these points were dealt with within the Final Budget Report, a full draft response is provided below.

The response has been agreed with the West Midlands Combined Authority Mayor and the West Midlands Combined Authority Portfolio Lead for Finance & Investments.

The West Midlands Combined Authority Director of Finance will be available at the Overview & Scrutiny Committee to support the meeting.

Overview and Scrutiny points for consideration

Set out below is a response alongside the points raised for consideration.

- (1) **Commence budget discussions with constituent authorities much earlier in future financial years to allow sufficient time for open discussion and development of proposals, it is suggested that these discussions commence in September of each year.**

Officers met with the Chair and Vice-Chair of the Overview & Scrutiny Committee in November and December of 2018 to outline the process as intended to operate for the first setting of a West Midlands Combined Authority Medium Term Financial Strategy commencing in 2018/19. We thank the Chair and Vice-Chair for their support in this process leading up to the publication of the draft budget.

The Mayor and Portfolio Lead set out at their meetings with the Overview & Scrutiny Committee in January 2018 the process followed to develop the 2017/18 budget. This was undertaken at a time where permanent staff were being appointed to a newly formed organisation. In those responses, and as indicated in the Final Budget Report at the February 2018 WMCA Board, a process was outlined for fuller consultation with Constituent and Non-Constituent Members that has been planned for the setting of the 2018/19 Medium Term Financial Strategy onwards.

This includes commencing engagement in July with the Mayor and Portfolio Leads, supported by more detailed development of the Medium Term Financial Strategy with the Mayor and Portfolio Leads in the autumn and winter of 2018. This includes a September event with Portfolio Leads as would be normal practice in local authorities and relevant engagement with the Overview & Scrutiny Committee.

- (2) **Ensure that papers and documentation in relation to the Funding for Growth Programme be made public (unless a relevant exemption applies) and that the timeline for exploring different fiscal options be explicit.**

The Funding for Growth Group was established in July 2017 and met on four occasions through to the March 2018 WMCA Board.

The March 2018 WMCA Board received a report on the work of the Funding for Growth Programme and approved a commitment for a quarterly update to be provided to that Board from this point onwards.

- (3) **Conduct a lessons learned exercise, with the engagement of Overview & Scrutiny, the Mayor, Cabinet, Chief Executives and Finance Directors, to fully assess how the budget process as a whole can be improved upon in future years.**

The February 2018 WMCA Board approved the establishment of a task & finish group to consider the lessons learned and a process to support the setting of a Medium Term Financial Strategy for 2019/20 onwards. This group will undertake their work through Quarter 1 of the 2018/19 financial year. We would propose for the outcome of this work be reported to the Overview & Scrutiny Committee after the August break in Quarter 3 of the 2018/19 financial year.

- (4) **Ensure that each constituent authority assesses the robustness of their Council Tax Support Schemes to ensure that those members of the community most affected by increases in Council Tax are supported.**

We acknowledge at the West Midlands Combined Authority the point raised by the Overview & Scrutiny Committee and also note that the responsibility for the design and operation of Council Tax Support Schemes are with each constituent authority.

- (5) **Determine the wider impact of the loss of European funding and Brexit across the region (including rates of borrowing, project costs and trade) in order to assess the true effect of the loss and to start to look at possible alternative funding options to minimise impact on the local economy.**

The West Midlands Combined Authority continues to work with constituent and non-constituent authorities to assess the potential impact of Brexit. The Executive Team includes the Chair of the CIPFA Brexit Panel. The impact of Brexit across our region is one that we are considering through our continued membership of a number of groups both regionally and nationally. To supplement this, our Director of Strategy Julia Goldsworthy will be working with constituent and non-constituent authorities to formalise arrangements to consider the information we have at hand and our strategies to address the impact of Brexit as we now enter the final 12 months prior to our formal exit. This will include how as a region we will be working with constituent and non-constituent authorities to contribute to the shaping of the Shared Prosperity Fund.

We would welcome involvement of a representative from Overview & Scrutiny Committee as part of this process and would ask that the committee nominate a member for Julia to contact. We would propose a quarterly update to Overview & Scrutiny Committee throughout at least the next 12 months.

- (6) **Undertake a governance review of elected member involvement and engagement in WMCA governance and activity to ensure that the historical mix of transport functions and new WMCA functions have equality in representation and support.**

The West Midlands Combined Authority undertakes an annual review of governance and can include this within the review. A review of the constitution (and thereby governance arrangements) has been commenced, led by the Monitoring Officer.

- (7) **Further consider the resources allocated to overview and scrutiny.**

The February 2018 budget report confirmed additional investment into scrutiny support within the West Midlands Combined Authority. This was confirmed by Councillor Izzi Seccombe's response at that meeting. We are keen to continue to work with the Chair of Overview & Scrutiny Committee and their team to ensure that the West Midlands Combined Authority continues to have a vibrant Overview & Scrutiny Committee that continues to add value to the its work.

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WEST MIDLANDS
COMBINED AUTHORITY

Overview & Scrutiny Committee Briefing Note

Date:	16 April 2018
Title:	Scrutiny 2018/19
Prepared by:	Sarah Sprung, Scrutiny Officer email: sarah_sprung@sandwell.gov.uk tel: 07824 694220

Recommendation for noting:

- (1) That the committee note the structure for overview & scrutiny for 2018/19 and provide comments and suggestions on how the work of the committee may be strengthened.

1.0 Purpose

To update members on the proposed governance arrangements for overview and scrutiny in 2018/19 and to explore how the committee's activity may be enhanced and improved.

2.0 Background

2.1 The current structure adopted by overview and scrutiny at WMCA commenced in 2017/18. It consists of one committee made up of 19 members. The committee has currently formed five task and finish groups with varying membership:-

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It is not proposed to make any changes to this structure in 2018/19 for a number of reasons:

- (i) The structure has only been in place for one year and further time is required to allow the task and finish groups to deliver on the expertise that they have developed, and to conclude work that has already commenced.
- (ii) Significant changes in responsibility for the WMCA will commence in 2019/20, particularly in relation to the Fire Authority and police & crime. Whilst the structure of Overview & Scrutiny doesn't yet need to be altered to reflect these changes it is important that in-depth consideration is given over the course of 2018/19 as to how the scrutiny function may best hold these new areas of responsibility to account. In order to deliver this work, it is paramount that the activity of the Governance Task & Finish Group continues.
- (iii) Continuation of governance-related work would allow for results to be fed into the review that the WMCA is undertaking in relation to its constitution. This review is anticipated to conclude in September 2018.

2.3 Although the WMCA is in the process of appointing a full time Scrutiny Officer, this structure is also reliant on constituent authorities providing a level of support to the member leading the task & finish group. This support offer would be required going forward to ensure that overview & scrutiny at the combined authority is able to deliver work which adds value to the WMCA.

2.4 As a scrutiny function, and one that has undertaken Mayoral scrutiny for the first time in 2018/19, it is felt that the committee has risen to the challenge well. However, that is not to say that there are no lessons to be learned, or improvements to be made to how the committee (and its task & finish groups) deliver scrutiny at the WMCA. The following points represent some ways in which WMCA scrutiny can be improved and strengthened:

- (i) The first Mayor's Question Time worked well; agreeing dates earlier in 2018/19, together with more diarised preparation sessions, would enable the Committee to build on its existing success. It is proposed to build two Mayor's Question Times into the annual work programme; one in September on policy and one in January on budget. Preparation meetings for these sessions should also be diarised to maximise the committee's effectiveness in holding to account.
- (ii) Holding to account sessions to be built into the committee's work programme with each of the WMCA Portfolio Leads, again to strengthen the committee's approach to how it holds the WMCA Board, and the Portfolio Leads, to account.
- (iii) The Chair of the Transport Delivery Committee also be held to account to ensure that the TDC fulfils the requirements of its terms of reference.
- (iv) Consider the appointment of an expert witness/es to the Budget Task & Finish Group to strengthen scrutiny of the budget process.
- (v) Exploration of academic support for undertaking specific pieces of work (to be established during the work programming process).
- (vi) The first meeting of the 2018/19 year be a combination training/workprogramming/governance meeting. This year to also include training on the role of LEPs.

2.5 Whilst the points in this report are not exhaustive it is hoped that through discussion and debate at the meeting, further suggestions can be incorporated into how we deliver an improved scrutiny function in 2018/19.

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