



## Overview & Scrutiny Committee

<b>Date</b>	9 February 2018
<b>Report title</b>	Findings of the Overview & Scrutiny Committee in relation to the WMCA Draft Budget and Mayoral Council Tax Precept for 2018/19
<b>Portfolio Lead</b>	Andy Street - Mayor Councillor Izzi Seccombe - Finance & Investments
<b>Accountable Chief Executive</b>	Deborah Cadman, West Midlands Combined Authority email: <a href="mailto:deborah.cadman@wmca.org.uk">deborah.cadman@wmca.org.uk</a> tel: (0121) 214 7200
<b>Accountable Employee</b>	Sarah Sprung email: <a href="mailto:sarah_sprung@sandwell.gov.uk">sarah_sprung@sandwell.gov.uk</a> tel: 07824 694220
<b>Report to be/has been considered by</b>	Overview & Scrutiny Committee - 30 January 2018

### Recommendation(s) for action or decision:

#### The WMCA Board is recommended to:

- (1) Commence budget discussions with Constituent Authorities much earlier in future financial years to allow sufficient time for open discussion and the development of proposals, it is suggested that these discussions commence in September of each year.
- (2) Further recommendations to be developed by the Overview & Scrutiny Committee at its meeting on 30 January 2018.

## **1.0 Purpose**

- 1.1 Following meetings of the Budget Task & Finish Group (15 January), Mayor's Question Time (24 January) and the Overview & Scrutiny Committee (30 January), robust consideration has been given to the draft budget proposals as presented to the WMCA Board on 12 January 2018.
- 1.2 This report details the findings of the scrutiny process, together with recommendations for the WMCA Board to consider both in terms of this year's budget and suggestions for ways in which the process as a whole could be improved for next financial year.

## **2.0 Background**

- 2.1 The WMCA Board considered the draft budget on 12 January 2018. At this meeting, the Board was minded not to support the Mayor's proposed precept which created a level of uncertainty around how the budget would proceed. Other elements of the budget were approved for consultation.
- 2.2 The Overview & Scrutiny Committee held the first Question Time with the Mayor on 24 January 2018 and were able to probe further as to how the Mayor planned to take forward discussion on the Mayoral Precept, as well as scrutinise other elements of the budget.
- 2.3 The Overview & Scrutiny Committee met on 30 January 2018 to further consider its findings and recommendations to put forward to the WMCA Board.

## **3.0 Wider WMCA Implications**

- 3.1 The Combined Authority's budget is paramount to delivery of its strategic objectives. Effective scrutiny of the budget enables accountability and transparency of this process.

## **4.0 Progress, options, discussion, etc.**

- 4.1 The headings below follow the main questioning themes at the Question Time with the Mayor, held on 24 January 2018.

### **Mayoral Budget and Precept**

- 4.2 The current situation where the WMCA Board refused to agree the proposed Mayoral Budget does not resonate with the level of partnership and collaboration required for the Combined Authority to achieve its strategic objectives.
- 4.3 During Question Time with the Mayor, the Overview & Scrutiny Committee attempted to understand the process, dialog and discussions that had taken place between the Mayor and the Constituent Authorities in developing the budget proposals, this was in order to determine whether the process had sufficiently allowed all parties to influence outcomes.
- 4.4 The Mayor advised that discussions with Finance Directors and Chief Executives had taken place in December together with a meeting with all Leaders, although not all had attended. Up until publication of the budget report, prior to the 12 January 2018 WMCA Board meeting, no issues with proposals had been put forward to the Mayor.

4.5 The Overview & Scrutiny Committee considered that commencing dialog in December for a budget to be published in draft form in January did not present sufficient time to ensure that all relevant parties could actively participate and influence proposals. It is the view of the Overview & Scrutiny Committee that future financial years' budget discussions should commence in September, allowing for a longer period to develop proposals in the spirit of collaboration and partnership.

4.6 The Overview & Scrutiny Committee also considered that the budget process would have been aided by the findings of the Funding for Growth Programme. When the Programme was established by the WMCA Board on 12 July 2017 it was intended that:

“The programme is to be convened during July 2017, with initial recommendations targeted to be delivered by the end of 2017, to inform 2018 budgeting.”

4.7 The Committee requested further details from the Mayor's Office on progress that the Funding for Growth Programme had made since its establishment in July 2017 including its full membership, dates and times of meetings together with briefings considered and records of decisions made. To date this information has not been provided.

#### **Risks Arising**

4.8 The Committee considered that risks to the region from Brexit and from the collapse of Wolverhampton-based business Carillion could impact significantly on the WMCA's ability to meet its strategic objectives. Members were pleased to note that steps had been taken to mitigate risks arising as a result of Carillion's collapse but that these measures were being led by the City of Wolverhampton Council.

4.9 In relation to Brexit, members noted that the WMCA was not in receipt of any direct European funding streams but that European money did underpin some WMCA schemes. Furthermore, that there was a commitment in place from the British Prosperity Fund to take over this underpinning role.

#### **Equitable Distribution**

4.10 The Overview & Scrutiny Committee were anxious to ensure that in planning its projects the WMCA ensures a distribution of schemes across the WMCA area. During the Mayor's Question Time, the Mayor outlined a number of projects across the footprint of the WMCA area, agreeing that it was paramount that there was a fair distribution of schemes.

4.11 The Overview & Scrutiny Committee felt it was important to ensure that the newly appointed management team of the Chief Executive and Directors at the WMCA retained focus across the whole of the WMCA area, especially given that there were two significant events that would draw focus to specific areas, the Commonwealth Games in Birmingham and Coventry's success in being awarded City of Culture.

#### **Land & Housing**

4.12 The Overview & Scrutiny Committee noted the huge challenge the WMCA has ahead in delivering the number of new homes needed across the area. In particular, the need for social housing to be a priority. Members took the opportunity to question the Mayor on housing, he advised that a special strategy did need to be developed covering the whole of the WMCA area and that the Housing & Land Delivery Board would be putting proposals forward to the WMCA Board. Members noted that this proposal would contain a breakdown of all forms and types of housing.

### **Mental Health**

- 4.13 The Overview & Scrutiny Committee were pleased to note that £8.4 million funding for mental health had been allocated from the Work and Health Unit (DWP and NHS England) for the delivery of an Individual Placement Support national pilot programme.
- 4.14 The programme is a randomised control trial seeking to work with up to 5,500 people currently out of work across the Wolverhampton, Dudley, Sandwell and West Birmingham & South Birmingham areas. Each area has an allocated provider to deliver the intervention through a formal procurement process.
- 4.15 The programme is a 'place then train' approach and formally goes live in early March 2018 with referrals coming from Primary care ie. GP's, Health Visitors, Physiotherapists. It is seeking to work with people who have low level mental health and/or poor physical health. The inclusion criteria also included the fact the individual must have been out of work for at least 28 days.
- 4.16 The pilot runs for three years, it is being academically reviewed and linked to sites in Islington and Sheffield. It has oversight and governance from the Work and Health Unit and also has an internal WMCA Mental Health Commission strategic and operational level board process. Funding for the pilot has been allocated through Wolverhampton CCG.
- 4.17 This is ring fenced for the three year programme with the monies being managed through the NHS and allocated to this region alongside the WMCA's own resources.

### **Environment**

- 4.18 The Overview & Scrutiny Committee did have concerns that environment did not have a direct focus within the WMCA Board portfolio areas, and that given the SEP and the Renewal Plan together the environmental priorities (carbon reduction, air quality, natural environment, brownfield regeneration, green business growth, energy and waste) required direct focus and resource.
- 4.19 During Question Time, the Mayor highlighted that Councillor Patrick Harley did have responsibility for environment and that this work was being supported by Sustainability West Midlands. Process was being made with alternative transport schemes, but no visible progress had been made with air quality or with waste.

### **Transport**

- 4.20 Whilst the Committee acknowledged that there were some excellent transport developments across the region, given the WMCA's budgetary pressures Members felt that the funds allocated to re-branding were maybe better allocated to other areas, particularly given the problems in agreeing the Mayoral Precept.
- 4.21 The Overview & Scrutiny Committee also considered that, given that transport was an integrated part of WMCA governance, there was disparity in that no special responsibility allowances were paid for any other committee or function other than the Transport Delivery Committee.
- 4.22 The Mayor was asked if there were plans to review the allowances paid to the Chair and Members of the Transport Delivery Committee, he advised that the Transport Delivery Committee played an important role in ensuring that the delivery and operational outcomes for transport were right.

### **Overview and Scrutiny**

- 4.23 To achieve accountability and transparency in decision making across the WMCA, it is paramount that Overview and Scrutiny is well resourced. This has been recognised by the Communities and Local Government Parliamentary Select Committee in their inquiry into the effectiveness of Scrutiny, in their report it was stated that they:

“are concerned that effective scrutiny of Metro Mayors will be hindered by under-resourcing and...the Government must make clear that scrutiny is a fundamental part of any deal and that it must be adequately resourced and supported.”

- 4.24 The Mayor acknowledged his support and commitment to scrutiny and agreed to look at the issue of adequate resourcing for the function with the wider WMCA Board.

### **5.0 Financial implications**

- 5.1 There are no direct financial implications arising from the content of this report.

### **6.0 Legal implications**

- 6.1 There are no legal implication arising from the content of this report.

### **8.0 Schedule of background papers**

- 8.1 WMCA Board Budget Report – 12 January 2018.