

Cllr Lisa Trickett
Chair, West Midlands Overview and Scrutiny Committee
West Midlands Combined Authority
16 Summer Lane
Birmingham
B19 3SD

28 January 2020

Dear Cllr Trickett

Following the Mayor's Question Time event with Overview and Scrutiny Committee on 18 December 2019 and your subsequent recommendations which were presented with the WMCA Draft Budget report on Friday 17 January. I thought I would set out the responses to each of your recommendations below. This letter will also be included in the appendix of the final Budget report at the WMCA Board on 14 February 2020.

Recommendation A) A mechanism be developed that provided for assessing the impact on the WMCA's Investment Programme of new projects coming forward, and that this mechanism include an evaluation of carbon counting, social impact and value-added assessments.

This is in the process of being developed in consultation with Leaders. Inclusive Growth is a CA-wide commitment, and the environmental impact will also be included in the Investment Programme profiling of projects. An update will be provided through Investment Board to the CA in due course.

Recommendation B) An environmental impact assessment be undertaken before any new WMCA policy was introduced so that its direct impact on the environment was assessed as part of wider policy considerations.

The Authority will consider this introduction as part of its environment action plan

Recommendation C) Any assessment of the regional skills gap be focused on addressing the future and projected skills needs of the region.

The WMCA Regional Skills Plan was based on a comprehensive evidence base delivered through the Productivity and Skills Commission. This took input from regional employers and academics, was based on analysis of all available evidence, and was developed with local partners. The CA will continue to promote an approach to addressing current and skills needs that actively engages employers and skills providers in understanding and responding to issues as they emerge.

Recommendation D) A commitment be given to fund the Young Combined Authority for the four-year period 2020/21- 2023/24.

This is a priority for WMCA and the intention is for this to continue however on a one year funding settlement arrangement with constituent authorities and government it is not possible to commit to future years until the funding position is clearer and more secure.

Recommendation E) Investment be prioritised to reflect the changing contexts within the region since the WMCA was initially established in 2016 (e.g. climate emergency, economic impacts).

The Future Investment programme for the region and the shape of any further devolution will take account of the changed context, environment and issues since 2016. It was suggested by Leaders that environmental impact should be in the Investment Programme profiling of projects and an update will be provided to Board in due course.

Recommendation F) Caution be exercised over the use of reserves to fund the WMCA's revenue expenditure and the need to identify a more sustainable longer-term approach.

Section 10 of the Authority's budget contains the relevant Section 25 Statement from the Section 151 Officer on the robustness of the budget and the adequacy of reserves. It is acknowledged that during the development of the annual budget the use of reserves is not ideal in balancing a budget however we are content that for one year only this is affordable based on the emerging financial position for the current year and the relative one off nature of elements of the Authority's expenditure. This current approach to reserves has been endorsed by ARAC. The report clearly highlights the financial challenges being faced in the medium term and confirms that WMCA will continue to review existing established budgets to drive efficiencies and continue to lobby government along with other Mayoral Combined Authorities for sustainable funding to be included in government spending plans. The need to identify a more sustainable longer term approach is noted, acknowledged and will be a priority going into the new financial year.

Recommendation G) The delivery and performance monitoring framework be further developed so that it provided greater public transparency and clarity regarding the successes and challenges in delivering the WMCA's policy objectives.

Performance Reporting occurs on annual, six monthly, quarterly and monthly cycles to the various boards and committees of the CA. However whilst there is already a comprehensive range of reporting it is recognised the current framework needs to develop and evolve further to facilitate a more integrated and rounded view of organisational wide performance and delivery. New practices and reporting are in development to both strengthen and consolidate performance information with an update report recently shared with both OSC and ARAC including where we are strengthening infrastructure and capacity.

Thank you for taking the time to engage with the Budget process and I hope you will see that the O&S recommendations have been fully considered and will continue to be developed.

Yours sincerely



Andy Street
Mayor of the West Midlands