**Cheshire and Warrington Local Enterprise Partnership**

**Overview and Scrutiny Committee**

**Present****:** Councillor B Powell (Chair), A Boyd, G Butler and Councillor J Kerr-Brown

**Also In Attendance:** P Cox, Chief Executive, Cheshire and Warrington LEP, M Cumberbatch, Head of Legal and Democratic Services, Warrington Borough Council for the Cheshire and Warrington LEP and J Joinson, Principal Democratic Services Officer, Warrington Borough Council for the Cheshire and Warrington LEP

1. **Welcome, Introductions and Apologies**

Mr Cox welcomed everyone to the first meeting of Cheshire and Warrington LEP’s Overview and Scrutiny Committee.

Apologies for absence were received on behalf of C Thompson.

1. **Membership of the Committee**

Members and officers present introduced themselves and gave a brief profile of their experience. Councillor Kerr-Brown had now been appointed in place of Steven Broomhead as the representative from Warrington Borough Council.

Decision – To note the Membership of the Committee set out in the Agenda, as amended.

1. **Introduction to Overview and Scrutiny**

Mr Cox set the scene and indicated that the Government now required LEPs to establish some form of overview and scrutiny arrangements. The changes nationally were timely, since CWLEP had already been considering setting up its own Overview and Scrutiny Committee. There was an acknowledgement that organisations could ‘get into a rut’ and, accordingly, some form of independent challenge was welcomed. It was hoped that the Committee would be in a position to ask the sorts of questions that it might not occur to the LEP Board to ask, with a view to helping the LEP to become a better organisation. The Committee should probe the LEP on items that needed to be reviewed and encourage it to consider doing things differently.

Both Mr Cox and the Deputy Chief Executive of the LEP, Mark Livesey, had previous experience of working at Whitehall for the Department for Communities and Local Government (DCLG). The Committee was modelled to some extent on the Public Accounts Committee (PAC), which scrutinised the value for money of public spending and generally held the government and its civil servants to account for the delivery of public services. The officer support would perform a role not unlike the National Audit Office (NAO), which had a large team of staff who were independent of Government, but who scrutinised public spending for Parliament. Their role was to scrutinise decisions taken (and sometimes decisions not taken) by public bodies.

Further background about the rationale for scrutiny arrangements and the various models across the public sector was set out in an accompanying report.

Mr Cox reported that a large piece of work on LEPs had been undertaken by NAO in December 2013 resulting in the report *The Funding and Structures for Local Economic Growth*. That report indicated that it had not yet been demonstrated that funding mechanisms for supporting local economic growth were capable of delivering value for money. NAO then delved further into LEPs in their March 2016 report *Local Enterprise Partnerships*, which raised issues around capacity to deliver, value for money and governance and transparency. A comment was made that the average lifespan of economic development bodies, based upon the experience of the former Regional Development Agencies, was only around seven years, which raised an interesting question about the future of LEPs if they were not seen to be effective.

There was currently a further Government review taking place to strengthen LEPs. It was noted that Melanie Dawes, DCLG Permanent Secretary, had been challenged by the PAC about the accountability of LEPs in the report in July 2016 on *Cities and Local Growth*. A key question raised was about how confident DCLG was that LEPs were spending money well. There was criticism that DCLG did not have a system to provide that assurance and that there was a lack of effective monitoring by the Department.

Cheshire and Warrington LEP were purchasing some officer time from Warrington Borough Council (Messrs. Cumberbatch and Joinson), to act as a small secretariat to the Committee and to follow up on questions as directed by the Committee. CWLEP would then open up its files to scrutiny and make its own officer team available to provide the required information. The Committee’s secretariat would be responsible for writing any reports, although that process might involve an exchange of drafts with the LEP Team.

Following a recent performance assessment produced for the Government’s Cities and Local Growth Unit, no other LEP had achieved a score better than CWLEP. The LEP would now develop an Action Plan to address the points identified as part of the assessment to help it to raise the bar further. That document could be made available for scrutiny by the Committee. The Committee was also asked what other items it might wish to scrutinise. To help that discussion, the Committee might first consider a methodology to decide what topics it would wish to look at.

Mr Cumberbatch referred to the supporting paper. He reminded members that the LEP was not a local authority body, so the Committee had an opportunity to shape what it wanted to achieve and how it would do so, with regard to meeting the overall needs of the organisation. The Committee’s secretariat was given no specific blueprint by the LEP, but it was anticipated that it would facilitate the work of the Committee and provide independent advice. Central Government had not dictated the format of LEP Scrutiny. It was likely that some of the councillor members would have experience of scrutiny within a local authority setting. The introductory paper provided some background and some initial proposals on the shape of scrutiny from the LEP. It would be possible to review those arrangements, if necessary, after six months. Mr Joinson commented that local authority scrutiny tended to be less adversarial and more collaborative than the Whitehall model, but still provided the critical friend challenge. On the matter of the Committee’s access to information, that would depend to some degree on the degree of openness by and any time constraints upon the LEP team, as the local authority officers were not experts in the LEP’s core work.

Mr Cumberbatch indicted that the draft Terms of Reference envisaged four meetings per year, but it would be up to the Committee to decide if it required further meetings, or the use of Task and Finish/Working Groups.

Members raised the following matters:-

Term of Office

Ms Boyd enquired about the proposed 18 months term of office for appointment set out in the draft Terms of Reference. Mr Cox indicated that the term of office was based on some experience from the LEP Board where all members had been appointed for a set six year period, but those had all ended at the same time. It was envisaged that the shorter timeframe for appointments would help balance revitalisation and continuity, by staggering the terms of office of members, with perhaps one person stepping down each time and the other two rolling forward.

Declarations of Interest

Ms Boyd also questioned whether members of the Committee should be required to declare any interests on the same basis as members of the LEP Board. Mr Cox responded that it would probably be good practise for Committee members to do so. Mr Butler noted that the draft Terms of Reference did state that members should declare conflicts of interest at the start of each meeting. However, it was acknowledged that a wider initial declaration would be more transparent. Mr Cox indicated that the Ministry of Housing, Communities and Local Government (MHCLG), had just produced a standard form in its *Local Enterprise Partnership Governance and Transparency - Best Practice Guidance* of January 2018, which was based on the form currently used by CWLEP. The form could be provided to members of the Committee and submissions published on the LEP website. Mr Cumberbatch acknowledged that the above was a useful suggestion.

Mr Cumberbatch enquired if information from the LEP was available under the Freedom of Information Act. Mr Cox reported that the LEP was not covered by that legislation, but that its Accountability Framework provided that it would behave in a manner so as to comply with FOI requests. Mr Cumberbatch added that the public could easily search for information on the worldwide web and that, therefore, members were advised to be transparent about their interests. As indicated previously, a standard item on ‘Declarations of Interest’ would also be placed on each Agenda.

Induction Training

Councillor Kerr-Brown suggested that the Committee might take some time to bed in and that the term of office for members might need to be longer. Members would need to fully understand the Committee’s remit. He acknowledged that the performance assessment report had provided a positive picture of CWLEP. It would be useful to receive some more general information to enable the Committee to decide what it could review. Councillor Powell indicated that he would like to see a ‘getting up to speed’ informal session held for the Committee, so that members could ask basic questions about the LEP. Members could utilise that session to decide on the way the Committee should operate; what dashboard information might already be available; and what other metrics to monitor, so as to provide guidance on possible areas for future review. Mr Butler considered that networking might be useful with other scrutiny committees from near neighbours or those LEPs with a similar population or economy. Best practice from elsewhere was important, so the Committee would not group-think with the LEP Board.

Mr Cumberbatch commented that the suggestion of an induction session was useful. The session would help to cut through any jargon, identify who did what and how processes and systems worked ie. ‘this is what we are - this is what we do’. The session could also help to identify key documents for the Committee to consider. In addition, the possible use of benchmarking information could be addressed during the informal session. As part of the induction, it might also be useful for members of the Committee to be invited to meetings of other bodies within the LEP, to see how decisions were made. Ms Boyd added that the informal session would be an important opportunity for members to get to know each other and to understand each other perspectives and strengths.

Work Programme

Councillor Powell commented that he had chaired a Scrutiny Committee at Cheshire West and Chester Council and that, at his first meeting, there was already active business on the agenda from the previous work programme. There was a need to consider how this Committee could populate a full agenda for its next meeting, to include a mixture of standing items, one off items and potential task groups. It was envisaged that there would need to be a dialogue between the Chairman, the Committee’s secretariat and LEP officers between formal meetings to plan future Agendas.

Decision –

(1) To note the introduction to overview and scrutiny.

(2) To request LEP Officers look into the possible provision of Conflict of Interest forms for Members of the Committee and making any submissions available via the LEP website.

(3) To approve the development of an induction training session.

1. **Appointment of Chair and Deputy Chair**

Mr Cumberbatch invited the Committee to appoint a Chair and Deputy Chair. Those post-holders could then act as the point of contact for other members and for officers. It was noted that the draft Terms of Reference had proposed that the Chair should be from among the local authority members on the Committee. Members suggested that the Deputy Chair should not then be a local authority member. Mr Cumberbatch commented that the process of selecting a Chair for a local authority meeting was generally easier, since members normally all knew each other. Councillor members were reminded that they needed to consider if they were likely to be reappointed to this Committee following their own Councils’ Annual meetings in May.

Decision –

1. That Councillor Ben Powell be appointed as Chair of the Committee for the meeting and for the 2018/19 year.
2. That Anne Boyd be appointed as Deputy Chair of the Committee for the meeting and for the year 2018/19.
3. **Terms of Reference**

Mr Cumberbatch invited members to consider the draft Terms of Reference which were appended to the main report. It was noted that some changes to the membership had already taken place, as reported above. There were no other changes reported or sought. The Chair indicated that the Committee could review its membership at some future date as appropriate.

1. **Work Programme**

The Committee considered potential items for is next meeting and topics for its Work Programme 2018/19.

Engagement

Councillor Kerr-Brown enquired about the LEP’s approach to Enterprise. He asked how efficient the organisation was in its dealings with the private sector. In particular, were there any large-scale businesses that were not included in its work, that could help be part of the local community? Conversely, did the LEP engage with Small and Medium-sized Enterprises (SMEs) and representative bodies such as the Chamber of Commerce. The Committee could explore what opportunities there might be to enhance stakeholder engagement. Ms Boyd commented that the Cheshire and Warrington profile was predominantly SMEs, but that the focus of attention was often on larger employers and the bigger picture. Mr Cumberbatch indicated that the Committee could consider that topic under bullet 3 of the Terms of Reference sub-heading, which looked at the Strategic Economic Plan. If it so wished, the Committee could ask for a report on this for its next meeting. The Chair suggested that the relationship between business and the LEP might also be a suitable topic for a Task and Finish Group.

Ms Boyd noted that the Annual Conversation letter had referred to ‘further strengthening strategic engagement’. The Committee could look at what engagement took place, with whom and how often. The Chair considered that it would be useful to understand what level of detail the Government had gone into when drafting the letter, how they had compiled it and how they followed it up. Mr Butler agreed that some work should be undertaken to identify where the LEP touched the private sector, particularly:-

* What engagement work had been done;
* Whether there had been any survey undertaken of quality and speed of response;
* Which people/organisations were not included.

It might be useful to test the perceptions of stakeholders who were not included to help to identify what was ‘business as usual’.

Mr Cumberbatch sought clarification as to when information on the above topics should be made available, which could be: at the induction session; before the next formal meeting; or at the next meeting. The Chair expressed the view that the information should be circulated before the next formal meeting. In that way the response could inform discussions about the direction of the next meeting. The Chair also considered that it would be useful to prepare a draft agenda in advance of the induction training and to agree a date for that session. Mr Butler added that it would be useful at the induction to hear Mr Cox’s views on what lessons had been learned by the LEP so far and his perceptions as to progress.

Ms Boyd sought clarification about the proposal to undertake work on stakeholder engagement. In particular, was there a clear Engagement Plan, who did LEP engage with, how often and how could that be strengthened? She also asked for confirmation that the initial briefing would be provided before the next formal meeting scheduled in June. Mr Cumberbatch commented that the June meeting would come around quickly and that the Committees’ secretariat should have seen drafts of any formal reports well before that date. One approach would be to ask for LEP officers to attend in June to answer any questions on the report, which would enable the Committee to decide if it needed to carry out any further work on the topic. The Chair agreed with that approach. Mr Cox indicated that there was an Engagement Plan in existence and that the organisation was aware of where it struggled to engage effectively, particularly in the SME sector. He agreed that a short report could be provided in June.

Ms Boyd referred to the on-going ‘top-down’ verses ‘bottom-up’ debate, namely how to meet both national and local priorities. From her experience at Active Cheshire, that organisation had to meet the requirements of Sport England, but that raised the question of whether those requirements necessarily met the needs of local people. For the LEP, the right balance would need to be struck between keeping both Whitehall and local stakeholders happy. Councillor Kerr-Brown asked if the public knew what achievements had been delivered by CWLEP. For example, a resident had asked him what the LEP was when he had stated that he was attending the meeting today. Perhaps there was a need to publicise the LEP’s successes more. The Chair suggested that the public be included in the information sought about engagement.

Agility of Decision-Making

Mr Butler proposed that speed of decision making and service delivery be scrutinised. He indicated that, in the private sector, deals needed to happen quickly, but that the public sector was not always able to match this level of agility. The Chair indicated that information about the decision making process in general, should be included in the induction training. There was a need to understand the underlying systems first before carrying out any detailed scrutiny. Mr Cox confirmed that information could be provided on the LEP structures and how the systems and processes were intended to work. Overall, there was a tension between showing that the LEP was using money well and maintaining propriety, and meeting private sector expectations around speed of investment. An appropriate balance needed to be found. Ms Boyd commented that agility should be a key consideration for the LEP. Mr Cox acknowledged that there might be a better way of doing things. The Chair provided an example of a funding reserve used by Cheshire West and Chester Council to deliver matched funding quickly. Ms Boyd suggested that the Committee could provide an objective view since its members were not involved in delivery.

Mr Butler posed the question whether there was too much emphasis on governance and transparency. In trying to comply with Freedom of Information rules, was the LEP trying to be too perfect and was this slowing down the core business of the LEP? The Chair concurred that there should be a line between effectiveness and good governance/ transparency. It was possible that there could be a blind-spot around speed of decision-making.

Mr Cumberbatch gave an example of speed and transparency issues in local authority decision-making, based upon the Council’s Budget which had been set earlier in the week. Expenditure above £250k required Executive Board approval and had to be published on a notice 28 days before the meeting, with reports circulated at least 5 clear days before the meeting. Decisions could also be called-in (ie. suspended) and referred back to the decision-maker. Local authorities tended to act slowly. However, the LEP did receive a lot of public money and, therefore, appropriate decision-making procedures needed to be in place. It might be useful to look at the number of links in the decision-making chain and levels of risk. The Chair commented that a useful test might be to consider how many LEPs were rated as ‘good’ or ‘exceptional’ for both governance and delivery.

National Review of LEPs

The Chair reminded members of the Ney *Review of LEP Governance and Transparency* (October 2017), which had included numerous questions and recommendations. He queried whether the Committee could examine where CWLEP provide a ‘gold-plated’ service in the context of that report. Mr Cox advised that that work might not be the best use of the Committee’s time. In effect, the Government had accepted the Ney Review’s recommendations in their entirety and, as a result, Jan Willis, s.151 Officer from Cheshire East, CWLEP’s Accountable Body, had already signed off on the Assurance Statement letter to MHCLG to indicate compliance with the requirements of the Assurance Framework. It was noted that the latest Government Review of LEPs would conclude in May 2018. The new Review would include various matters, including the role of the s.151 officer, particularly around accountability through rigorous financial reporting. The Committee could consider any issues arising from the Review at that point. Mr Cumberbatch indicated that the matter could be added to an outline work programme for the Committee.

Budget

The Chairman enquired about when the Budget for the LEP was determined. Mr Cox indicated that the budget setting process had taken place in January. The Chairman suggested that a pre-budget report be provided to the Committee in December 2018 in advance of the 2019/20 year. Mr Cox indicated that the Budget set in January 2018 had covered the period to the end of 2018/19, but had been an interim Budget. The LEP Board had attended an away-day recently to look at engagement and the shape of CWLEP for the future. The Board needed to know how much money would be available from Government for the following matters, in order to set its Budget:-

* Core funding for the LEP
* Growth Hub
* Enterprise Zone

At the time of setting the Budget the amounts of funding available for the above were not known. As a result a steady state Budget was agreed for 2018/19. Subsequently, the core LEP funding and Growth Hub monies had been announced and the level of Enterprise Zone funding was expected in April 2018. A report would be presented to the LEP Board in the Summer 2018 and it might be that the 2018/19 Budget would be amended. The Committee, if it so wished, could have a report on the Budget in September 2018. The Chair accepted that proposal.

MHCLG Performance Letter – Action Plan

Ms Boyd indicated that the MHCLG letter had identified that ‘delivery’ for CWLEP was not yet ‘exceptional’. She also enquired if there was a contingency project pipeline and, if so, was it agile and rigorous.

The Chair asked if the MHCLG letter should be a matter for discussion at the training session. Ms Boyd suggested that it was, but that the Committee should then actively challenge those points identified in the resultant Action Plan. Mr Cox added that the MHCLG letter was coded. There was a view that a particular project had been delayed for too long and that, perhaps, it should have been dropped. However, that view did not necessarily take account of the local political environment, when considering if and when a project should be dropped. There was a need for CWLEP to consider how it set up projects for the future so that they could be switched if necessary. For example, when a good project was both on time and on budget, how should the LEP deal with a better project that unexpectedly emerged?

Ms Boyd commented that the LEP should aim to be ‘exceptional’ in its future performance assessments.

Workload Issues

The Chair queried whether the Committee was overloading the LEP Team and Mr Butler added that members did not wish to create additional work for work’s sake. The Chair expressed the view that if the Committee received quality reports, it might not need to spend a lot of time cross-examining officers. Councillor Kerr-Brown made the point that smaller agendas, with two or three items, often led to more productive scrutiny meetings. The Chair concurred and indicated that, if further detailed work was required, it could be undertaken in a Task and Finish Group. Mr Cumberbatch commented that light-touch scrutiny could be effective and, where no issues were found, the Committee could move onto something else. In the longer term, the aim of scrutiny was to provide high levels of assurance and, for that, a risk abased approach was useful. The Committee only had four scheduled meetings per year. With additional training, reading and Task Groups proposed, there was a risk that the time commitment of members might escalate.

Decision –

1. To approve the following items for consideration at the next formal meeting of the Committee:-
* Engagement – including details of the Engagement Plan, who did LEP engage with, how often, how could that be strengthened and what stakeholders were not sufficiently engaged;
* Agility of decision-making – including the balance between making investment decisions in a timely way, while maintaining standards of good governance;
* Action Plan arising from the MHCLG performance letter; and
* Approval of the dashboard format for monitoring purposes.
1. To approve a draft work programme to include the following topics
* Budget Update/Amendments (September 2018)
* Outcome of the Government’s Review of LEPs (September 2018)
1. **Training**

Councillor Kerr-Brown enquired if it would be possible to attend a CWLEP meeting as part of the planned induction training. Mr Cox suggested that attendance at the Performance and Investment Committee and/or Strategy Committee might be more interesting and instructive.

Ms Boyd commented on the role of the Committee to provide challenge, but at this stage the Committee ‘did not know what it did not know’. There might be some obvious red flags to pursue and, perhaps, that information could be gleaned from the proposed dashboard report. If CWLEP wanted to be a good organisation, it would need to triangulate the opinions of the Government, business community and wider public. The Chair confirmed that the training session could be utilised to build the dashboard, based on the background information provided by the LEP Team. Ms Boyd also suggested that the Chief Executive might wish to indicate whether he had any specific concerns which the Committee should address, for example staff turnover, or organisational knowledge.

Mr Cox replied that the Committee was new and that any work done would be welcomed. It was acknowledged that the scrutiny role might not be perfect from day one. A key point was that the Committee should not duplicate the work of other LEP bodies such as the Performance and Investment Committee, which approved spend (by challenging other project committees) and reviewed performance (by considering whether schemes were making sufficient progress). In summary, the role of this Committee was to give the general public confidence that CWLEP was making good and proper use of public money and that the organisation was working well as a whole. For example, the Committee could consider whether the Performance and Investment Committee was sufficiently challenging of the LEP Board, but it should not seek to undertake that Committee’s role itself. Councillor Kerr-Brown commented that, with that in mind, the induction training should cover other committees’ roles. Mr Cumberbatch referred to Paragraph 2.4 of the report which reinforced the message about not duplicating other assurance activity.

Ms Boyd stressed the importance of training for members in order for them to develop the level of insight need for the scrutiny role. Some key background information included:-

* What was the risk appetite of the organisation and how was it managed?
* What actions would be required in the light of the MHCLG performance letter, as discussed under Minute 6 above.

Decision – To agree that the planned induction training session include the following content:-

* Members getting to know each other;
* An overview of the work, structure and processes of the LEP;
* Signposting to key documents;
* Any known areas of concerns or potential topics for scrutiny;
* Possible data content of a dashboard for monitoring purposes by the Committee;
* The risk appetite of the LEP; and
* Summary of issues arising from the MHCLG performance letter.
1. **Future Meeting Dates**

The Committee considered the dates and times of future meetings.

It was suggested that the induction training session be held in mid-April commencing at 12 noon, to include a light lunch before. The meeting should be no longer than 2 hours in duration. The Chair suggested that he, the Deputy Chair and the Committee’s secretariat could meet before then to structure the Agenda for the session.

Decision –

1. To agree that an induction training session to be held on Monday 12 April 2018 at 12 noon at Wyvern House (subject to availability).
2. To approve the following schedule of meetings, commencing at 3.00pm, at Wyvern House (subject to availability):-
* 7 June 2018
* 6 September 2018
* 6 December 2018
* 7 March 2019