**REPORT TO CHESHIRE AND WARRINGTON LOCAL ENTERPRISE PARTNERSHIP**

**BOARD MEETING 15TH FEBRUARY 2017**

Subject: CWLEP Independent Overview and Scrutiny Committee Arrangements

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**Purpose**

1. To outline proposals to meet DCLG’s requirement that LEP’s should have an independent Scrutiny Committee to oversee their activities.

**Recommendations**

1. The Board is asked to
* Agree the proposal for an Independent Scrutiny Committee to meet the requirement of DCLG’s National Assurance Framework.

**Background**

1. DCLG have recently updated the National Assurance Framework. LEPs must revise their local Assurance Framework to incorporate the changes made in this Framework. The purpose of this Framework is to ensure that LEPs have in place the necessary systems and processes to manage delegated funding from Central Government budgets.
2. The requirements of this National Framework update will be incorporated as a condition of funding in future Growth Deal grant offer letters, commencing in February 2017. It requires LEPs to submit a letter from their relevant S151 Officer to DCLG’s Accounting Officer by 28th February each year, certifying that the LEP’s local Assurance Framework is being implemented and meets the revised standards.
3. A requirement under the National Assurance Framework to ensure accountable decision making is that the LEPs **must** set out what **independent** scrutiny arrangements are in place and whether these are integrated into part of the LA’s arrangements or separate from them. The LEPs are strongly encouraged to make use of the independent scrutiny arrangements, for example by establishing an overview and scrutiny committee to provide check and balance in the operation of the partnership.

**Discussion**

1. Notwithstanding the scrutiny that the LEP has in place from the Economic Prosperity Board (EPB), comprising of the three LA Leaders, given that all four members of the EPB are also Members of the LEP Board, alongside the Chair of the LEP, this cannot be presented as being independent from the LEP. Therefore, we believe it is necessary to set up a **separate** Scrutiny Committee which is **independent** from the LEP to comply with the requirements of the National Assurance Framework.
2. Guidance from DCLG is that the arrangements should be proportionate to the size and scale of the LEP and its Growth Deal programme.
3. There is no single definition of Overview and Scrutiny. It is generally viewed as an umbrella term covering a wide range of possible roles, however, it should have the following functions:
	* To provide a ‘critical friend’ challenge to the Board and its Sub-Committees
	* To reflect the voices and concerns of its stakeholders and the public
	* To be led and owned by the Overview & Scrutiny members
	* To make a positive impact on the delivery of its Growth programme
4. The three Local Authorities already have in place scrutiny arrangements, which carry out the functions outlined above. These allow the Councillors, partners and the public to:
	* Hold the Council’s decision makers to account;
	* Challenge the performance of the Council’s service providers and raise standards, to ensure that services meet people’s needs;
	* Examine issues that affect the wellbeing of the people they serve.
5. Having discussed with LEP colleagues, a number of LEPs already have independent Scrutiny Committees in place. They range from Cumbria LEP, which has a Scrutiny Committee made up of three members of a district authority who are not represented on the Board, together with three members of the private sector. This Committee meets every four months. Through to Greater Manchester, who has a Joint Scrutiny Pool which has a broad remit to scrutinise GM working and decision-making across the GM strategic priorities as well as now looking at the newly Combine Authority. It has a thirty strong membership drawn from its backbenchers across GM’s ten districts, three per authority, Rules of political and gender balance are used when districts nominates members. This Scrutiny Pool meets monthly.

**Proposal for Cheshire and Warrington Overview and Scrutiny Committee**

1. Given the guidance from DCLG, and drawing on practices adopted elsewhere, the Executive Team proposes that a Scrutiny Committee is established for the LEP along the following lines:
	* **Membership** – a representative from each of the **three** LA’s which could be a member drawn from one of the LA Scrutiny Committees or another councillor who is not a Cabinet member, together with **two** representatives from the private sector which, for example, could be taken from those Board applicants who were near misses.
	* The Scrutiny Committee **reports** to the LEP Board;
	* **Meets** once a quarter;
	* Is **responsible** for:
		1. Reviewing decisions made by the LEP Board and sub committees to identify improvements in future decision making;
		2. Reviewing progress of programmes under the management of the LEP to identify barriers to progress, good practice and possible improvements to the LEP’s programme management function;
		3. Reviewing the implementation of the Strategic Economic Plan and identify opportunities for improvement;
		4. Review existing policies to evaluate their effectiveness
2. Although it is proposed that one of the responsibilities of the Committee is to hold the LEP to account and review a particular decision, following the practice adopted in other LEPs the Executive propose that the Committee cannot change the decision.
3. It is proposed that the Board and its sub Committees have an influential role in that process by outlining their priorities for the year ahead to the Scrutiny Committee. The Scrutiny Committee is then responsible for selecting ‘scrutiny’ topics and setting its own annual work programme.

**Conclusions**

1. It is clear from the Assurance Framework that DCLG want to see that an independent Scrutiny Committee in place to oversee the activities of LEPs. During last year there was an intense focus on transparent decision making in the National Press. This Committee will help support transparency of the LEP’s decision making and performance.
2. The scrutiny arrangements currently in place, whilst providing effective oversight and scrutiny, does not meet the requirements of ‘independent’ scrutiny. **The LEP Executive therefore recommends a more independent approach to Overview and Scrutiny of the LEP’s operation in its deployment of Government delegated funding to meet the requirements of the National Assurance Framework**.

**Next Steps**

1. Subject to the Board agreeing to the proposal set out above, a more detailed proposal on member selection, roles, responsibilities and Governance arrangements for the Committee will be developed and presented to a future LEP Board meeting for sign off of the detailed proposal and establishment of the Committee during 2017.
2. Once the Committee is established, the CWLEP Assurance Framework will be updated to include the arrangements in place in more detail.