Hull and East Yorkshire Combined Authority

Report to the **Combined Authority**

2 September 2026

Hull and East Yorkshire Combined Authority Governance Arrangements – HEYCA AGM

Report of the Interim Monitoring Officer

Report Status:

This item is not exempt

1. Purpose of the Report and Summary

1.1. The purpose of the report is two-fold. Firstly, it is to confirm membership of HEYCA's Overview & Scrutiny and Audit & Governance committees following confirmation of allocations from HEYCA's two Constituent Councils. Secondly it is to amend the quoracy requirements for HEYCA's Audit & Governance Committee and provide an update on the process to recruit not less than one Independent Member.

1.2. The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 (the 2017 Order) sets out the required arrangements that apply to HEYCA's Scrutiny and Audit committees.

1.3. It is necessary for each of the two Constituent Councils (the **Councils**) of the Authority (Hull City Council and East Riding of Yorkshire Council) to propose members of the two Councils for appointment to the Scrutiny and Audit Committees that align with the proportionality calculations covering both Councils.

1.4. HEYCA's Constitution deals sets out, in Part 3, the functions of the Audit & Governance Committee. It states that the Audit & Governance Committee is authorised to:

i. Review and scrutinise the Combined Authority's financial affairs;
ii. Review and assess the Combined Authority's risk management, internal control and corporate governance arrangements;
iii. Make reports and recommendations to the Combined Authority in relation to reviews conducted under points i. and ii. above;
iv. Consider findings of a review of the effectiveness of the system of internal control and approve the annual governance statement;
v. Consider and approve the statement of accounts;

vi. Consider and approve the annual audit plan;
vii. Consider external audit arrangements and reports and consider any audit letter from the local auditor following an audit;
viii. Receive and consider an annual report from the External Auditor;
ix. Promote and maintain high standards of conduct by Members and Co-opted members of the Combined Authority;
x. Advise the Combined Authority in relation to adopting, revising or replacing its Members' Code of Conduct; appointing at least one independent person and arrangements for investigating and making decisions about allegations of failing to comply with the Members' Code of Conduct; and
xi. Consider and determine any allegation of failing to comply with the Members' Code of Conduct.

1.5. Furthermore Article 8 of HEYCA's Constitution sets out the Audit and Ethical Arrangements. It stipulates that the functions of an audit committee must include (a) reviewing and scrutinising the Combined Authority's financial affairs; (b) reviewing and assessing the Combined Authority's risk management, internal control and corporate governance arrangements; (c) reviewing and assessing the economy, efficiency and effectiveness with which resources have been used in discharging the Combined Authority's functions; (d) reviewing and approving the Combined Authority's statutory annual financial statements; (e) making reports and recommendations to the Combined Authority in relation to any reviews it conducts.

1.6. HEYCA must ensure that members of the Audit & Governance committee, taken as a whole, reflect so far as is reasonably practicable the balance of political parties for the time being prevailing among members of the Councils when taken together.

1.7. HEYCA must appoint at least one independent person to the Audit & Governance committee.

1.8. The quorum for an Audit & Governance committee must currently be no fewer than seven members of the committee.

1.9. HEYCA's Constitution therefore currently requires seven of the Committee's eight members to be present for a meeting to be quorate. It is proposed that this requirement be reduced from seven to six members.

1.10. While it is the case that Audit & Governance committee meetings were well attended and that the Audit & Governance committee functioned well previously, there have been instances where attendance was not sufficient for a quorate meeting to proceed.

1.11. The amendment to the quorum proposed is a limited change intended to improve the operational resilience of the Committee while continuing to require a substantial majority of its membership to be present before business can be conducted.

2. Recommendations

2.1 To confirm the members from each Constituent Council for each of HEYCA's Overview & Scrutiny and Audit & Governance Committees are as follows:

Overview & Scrutiny

Cllr Meredith (Chair)	Cllr Collinson
Cllr Bibb	Cllr Randall
Cllr Jeffreys	Cllr Beeson
Cllr Cousins	Cllr McMurray
Cllr Healy	Cllr Singh
Cllr Talbot	Cllr Graham

Audit & Governance

Cllr Neal (Chair)	Cllr Corless
Cllr Hopton	Cllr Hatcher
Cllr Lee	Cllr Herroro-Richmond
Cllr Norman	Cllr Carnall

2.2 To note that allocations and membership of HEYCA's Overview & Scrutiny and Audit & Governance as set out above are subject to change as notified to HEYCA by constituent councils from time to time and to authorise the Interim Monitoring Officer to report changes if and when they occur.

2.3 To confirm that the Chair of each of HEYCA's Overview & Scrutiny and Audit & Governance Committees are as follows:

Overview & Scrutiny Chair – Cllr Richard Meredith

Audit & Governance Chair – Cllr Kalvin Neal

2.3 To note the process for the recruitment of an Independent Member for Audit & Governance has commenced and is advertised at [Independent Member of the Audit and Governance Committee – Hull and East Yorkshire Combined Authority] It includes three documents that have been developed in consultation with the Chair as follows being (i) text of advertisement to garner interest and applications for the role; (ii) role profile; and (iii) job description **AND** to delegate to the Monitoring Officer, in conjunction with the Mayor and the Chair of the Audit & Governance Committee the completion of a recruitment process and appointment of not less than one Independent Member accordingly and to request the Chair of the Audit & Governance Committee to provide an update to the Board thereafter.

2.4 To approve the amendment of the quorum for meetings of the Audit & Governance Committee from seven members to six members and to approve the consequential amendment and updating to HEYCA Constitution to provide that the quorum for a meeting of the Audit & Governance Committee shall be six members and to instruct the Monitoring Officer to make the necessary and any consequential amendments to the Constitution to give effect to this decision and thereafter update the published version of HEYCA's Constitution.

3 Reasons for Recommendations

3.1 To ensure HEYCA continues to have a governance framework in place to facilitate its operation in accordance with relevant applicable statutory requirements and its own constitution at all times, thereby enabling efficient operation.

3.2 The 2017 Order provides that the members of each of the Overview and Scrutiny and Audit and Governance Committees taken must reflect so far as reasonably practicable the balance of political parties for the time being prevailing among members of the constituent councils when taken together. Section 15(5) of the Local Government and Housing Act 1989 sets out the normal hierarchy of principles that are applied when determining the membership of Committees. These principles have been applied.

3.3 The requirement to appoint an Independent Member is set out in HEYCA's Constitution. While attempts have been made to fill this role, and it is noted to be a role that is difficult to fill, it is considered appropriate to continue making attempts until such time as the role is successfully filled.

3.4 The reduction in quorum proposed is intended to lower the hurdle, while still at all times complying with both the provisions of HEYCA's Constitution and the applicable primary legislation (Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009 inserted by the Cities and Local Government Devolution Act 2016) and secondary legislation (Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017. That Order's quorum requirement is that the minimum number of members required to be present before business may be transacted must be no fewer than two-thirds of members of the Audit & Governance Committee. In HEYCA's case, following the successful appointment of an Independent Person, the total number of members would be nine and, therefore, modifying the quorum from seven to six aligns with the requirement of two-thirds.

3.5 In addition to proposing a reduction in the quorum to, in effect, the minimum level possible in line with applicable primary and secondary legislation, other measures can be considered to more readily enable members to attend. Practical measures relating to timing and location of meetings, minimising travel time and costs and exploring any appropriate uses of technology can be considered by the Audit & Governance Committee itself.

4 Background

4.1 The background to this report is the difficulty, after a positive start, in securing sufficient attendance at Audit & Governance Committee meetings to enable them to meet the current, very high, quoracy requirement. The background includes market experience where it has been found to be difficult to fill the role of Independent Member despite numerous attempts.

5 Issues for consideration

Constitution and Functions

5.1 HEYCA's Constitution is in six parts comprising Introduction, Articles, Responsibility for Functions, Procedure Rules, Ethical Standards and Members' allowance scheme. HEYCA's Constitution delineates functions that are reserved to Executive Board and identifies which of the Mayor's functions he can exercise autonomously which are set out below. It is necessary for there to be a high functioning and compliant Audit & Governance Committee because that is necessary for the proper carrying out of all functions whether reserved to Executive Board or capable of being exercised autonomously by the Mayor.

5.2 The Mayor can exercise certain of his functions autonomously as these have been devolved directly from Central Government to that post, namely:

- Section 17(3) of the Housing Act 1985 (compulsory acquisition of land for housing purposes);
- Acquisition of land by CPO under Section 9(2) of the Housing and Regeneration Act 2008;
- Power to levy a supplement on business rates under the Business Rates Supplements Act 2009;
- Develop the Local Transport Plan (Section 108, 109 and 112 of the Transport Act 2000);
- Provision of grants to bus service operators (under Section 154 Transport Act 2000);
- Power to pay grants under Section 31 of the Local Government Act 2003;
- Power to give a direction about the exercise of a highways power to the Constituent Councils on the Key Route Network

The following powers under the Localism Act 2011:

- Designation of Mayoral development areas and to keep them under review (sections 197, 199 and 215);
- Transfers of property etc to a Mayoral development corporation (section 200);
- Power to designate the Mayoral Development Corporation as the Local Planning Authority for that area (section 202 and 204);
- Power to grant discretionary relief from non-domestic rates for the Mayoral development area (section 214);

The Mayor may create joint arrangements (joint committees) with the Authority, other Combined Authorities, the Constituent Councils, and other councils for the exercise of their powers jointly.

5.3 HEYCA is responsible for any HEYCA function which is not the responsibility of the Mayor and, as noted above, proper discharge of all functions requires a high functioning and compliant Audit & Governance Committee.

6. Equalities Impact Information

6.1 An Equality Impact Analysis was undertaken a part of the statutory consultation upon the creation of a Combined Authority. It concluded that:

> *"Considering that underlying programming/projects led by the proposed HEYCA will be subject to the Public Sector Equality Duty and must consider the impact of individual projects on protected characteristic groups, it is believed unlikely that the Proposal will result in adverse impact or any type of prohibited conduct upon people with this protected characteristic. However, it is acknowledged that proactive and targeted approaches at times may be necessary to reach particular groups to address specific challenges, and this active intervention should be encouraged where disadvantage exists in any respect within Hull and East Yorkshire."*

6.2 This initial Equality Impact Analysis is considered to remain valid. This report seeks to confirm the governance arrangements to facilitate the operation of HEYCA and as such there are no direct equality impacts.

7 Options and Risk Assessment

7.1 **Option 1 – Agree the proposed governance arrangements. This is the recommended option.**

There are no inherent governance risks in the recommendations which enable HEYCA to comply with relevant applicable legislation, its constitution and good governance practices. Any potential risks are mitigated by the continued review of the Constitution. The recommended option contributes to ensuring HEYCA has a high functioning and compliant approach to its Audit & Governance Committee and, in broader terms, governance in general.

7.2 **Option 2 - Do not approve the proposed governance arrangements.**

In not doing so, or in adopting an alternative approach that does not equally conform to relevant applicable regulation and good practice, HEYCA may be unable to continue operating under efficient and effective governance arrangements that are in accordance with the legislative framework.

8. Legal Implications and Monitoring Officer Comments

8.1 The main legal implications are set out within the body of this report.

9. <u>Financial Implications and Statutory Financial Officer Comments</u>

9.1 There are no direct financial implications arising from the recommendations in this report, other than any limited expenditure associated with the recruitment of an Independent Member to the Audit & Governance Committee. The relevant committee budget has capacity to meet any such expenditure.

9.2 The Audit & Governance Committee has an important role in supporting sound financial governance across the Combined Authority. Its functions include reviewing and scrutinising the Authority's financial affairs, risk management, internal control and corporate governance arrangements, as well as considering the annual governance statement, statement of accounts, internal audit planning and external audit reports. A properly constituted and quorate Committee is therefore an important part of the Authority's overall assurance framework.

9.3 The proposed change to the quorum is intended to improve the operational resilience of the Committee while retaining a requirement for a substantial majority of members to be present before business can be transacted. This supports the effective discharge of the Committee's role and helps ensure that appropriate member oversight, challenge and assurance can continue to be provided in relation to the Authority's financial affairs, governance arrangements, internal controls and use of resources.

9.4 The recommendations are therefore supported from a statutory financial officer perspective. They will assist in maintaining effective arrangements for financial governance and assurance, including the timely consideration of audit, accounts, governance and risk matters, which are integral to the proper administration of the Authority's financial affairs.

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