



Improvement Framework

To:	Audit & Governance Committee
Meeting Date:	2 December 2022
Public report:	Yes
Lead Member:	Deputy Mayor Councillor Anna Smith
From:	Angela Probert, Interim Director of Transformation Programme
Key decision:	No
Forward Plan ref:	N/A
Recommendations:	<p>The Audit & Governance Committee is recommended to:</p> <p>Consider the Improvement Framework report going to the Combined Authority Board on 30 November 2022.</p>
Voting arrangements:	A simple majority of all Members present and voting

1. Purpose

- 1.1 The purpose of the agenda item is to provide the Audit & Governance Committee with an opportunity to review the Improvement Framework report going to Combined Authority Board on the 30 November 2022.
- 1.2 The purpose of the improvement report going to the Board is to provide an update on the progress made against identified actions set out in the Improvement Plan agreed by Board in October 2022.
- 1.3 The report to Board will also update Board on the development of arrangements for the Independent Improvement Board agreed in October 2022.

2. Background

- 2.1 The Board in October agreed the Improvement Plan to address the Chief Executive's diagnosis assessment of the Cambridgeshire and Peterborough Combined Authority.
- 2.2 The assessment set out key deliverables over a three month period and what might be different as a result of the proposed activity.
- 2.3 The Audit & Governance Committee received an update on the developing Improvement Plan at its meeting held on 30 September 2022. At that meeting the Committee discussed the potential role of Audit & Governance in the improvement journey.

3. 2 December – Audit & Governance Committee meeting

- 3.1 The Audit & Governance Committee has an opportunity to review the Improvement Framework report considered by the Board on 30 November.
- 3.2 At its last meeting the Committee discussed its role in the context of the Improvement Journey, noting its role to be:
 - to assure itself (and the Board) that improvement framework will satisfy DLUHC and the External Auditors concerns
 - to assure itself (and the Board) that improvement is on track
- 3.3 In order to undertake the role identified above an Improvement Highlight report will be presented to the Committee that sets out high level view on performance, risk and issues. The accompanying Cover report was requested to include commentary on actions taken and next steps to address significant concerns raised by External Auditor.
- 3.4 The Improvement Framework report to Board was published on the 22 November, it is accessible via this link: [CMIS > Meetings](#)
- 3.5 The report to Board includes the Improvement Highlight Report referred to above, Committee Members are asked to review this in undertaking their Committee role.
- 3.6 The Committee will have an opportunity to question the Improvement Programme Lead on the Improvement Framework report at its meeting on 2 December 2022.

Improvement Highlight Report

- 3.7 The Committee is asked to provide specific comment on the Improvement Highlight Report in order to ensure that it is fit for purpose. Key lines of enquiry such as those below would provide useful feedback to the Improvement Group:
 - does it provide the required programme level oversight of performance?
 - does it provide the required programme level oversight of key risks?
 - does it provide the required programme level oversight of next steps?
- 3.8 The Committee is asked to provide feedback on whether the Highlight Report provides the required information to enable the Committee to undertake its role effectively.

Responding to External Auditor

- 3.9 The Committee previously made it clear that it required narrative on actions being taken to address the significant concerns raised in the External Auditor letter to the Committee dated 1 June 2022.

3.10 The External Auditors gave notice that work undertaken to date had identified a significant weakness in Cambridgeshire & Peterborough Combined Authority's governance arrangements. As a result of these weaknesses, the External Auditors expressed concern that the Authority has insufficient capacity, capability and an inappropriate culture to support the effective governance and operation of the organisation and how it discharges its statutory services.

3.11 The specific reasons for this concern were set out as follows:

- Investigations into key individuals in the Mayor's office following a whistleblower notification;
- Increased number of employment related claims against the Authority;
- Current vacancies in the Authority's senior management team, particularly at Chief Executive level, and the prospect that this could increase further from July 2022;
- Weaknesses we have observed in how the extraordinary meeting of the Authority Board makes informed decisions; and
- That the nature of the whistleblower allegations and initial findings of independent investigation reports raises significant questions on the culture, behaviour and integrity of key individuals in the Mayor's office.

3.12 A number of actions have been taken to address these concerns to date, supported by the Improvement Plan, these are set out below.

Response to Insufficient Capacity concern

3.13 Vacancy rates now stand at 3%; down from 30% in June 2022. Two further interim directors were appointed in August along with other experienced interim officers at Head of Service / Assistant Director level to bring corporate and transformation capacity and experience. In addition, a director is seconded two days a week to the CA from Cambridgeshire County Council to ensure good alignment between the CPCA and its relevant partners in relation to spatial planning, transport policy and climate change. The Section 73 Officer remains in post, and we recruited an experienced Monitoring Officer as a long-term interim.

Response to Insufficient Capability concern

3.14 There is sufficient capacity in the senior management team as set out above to discharge its statutory services and to drive forward the improvements needed – and we are already seeing the benefits of improvement actions successfully delivered.

Additionally, board have approved a new senior structure and we are finalising arrangements for recruitment to these roles shortly.

Response to Inappropriate Culture concern

3.15 A staff survey was undertaken in September 2022 which identified the culture staff want to have in place going forward. A staff conference is to be held on 8 December to develop further values and behaviours arising from the staff survey and follow on team discussions. Sessions with members will follow this, with the intention that the values and behaviours identified will cover both officers and members. This will be present to board in January and following this will be embedded in all CA activities and HR policies.

4. Improvement Plan Specifics

- 4.1 In order to provide additional focus to specific elements of the Improvement Plan it is proposed that additional narrative/ detail is provided to the Committee on improvement workstreams of particular relevance to the Audit & Governance Committee.
- 4.2 Such an approach is intended to provide additional narrative on top of that within the Programme Highlight Report to enable the Committee to ask more detailed questions and assure itself of the approach being taken and position regarding performance.
- 4.3 If the Committee supports this it is proposed that the following elements of the Improvement Plan are included with additional narrative/ detail as follows for the remainder of the 22/23 work programme:
- 27 January 2023 – Performance Management Framework (Outcome E2)
 - 27 January 2023 – Risk Management Framework (E3)
 - 31 March 2023 – Assurance Framework Development
- 4.4 To start this process additional narrative has been provided below on 2 areas of relevance to the Committee, the Governance Framework and the Performance Management Framework.

The Governance Framework

- 4.5 The Review of Governance provided conclusions and recommendations designed to reshape the governance framework at the Combined Authority. The Improvement Plan that followed and endorsed by Board on 19 October incorporates the majority of those recommendations and builds upon them.
- 4.6 The Improvement Plan requires
- Outcome B1 – New ways of working for Board (including strategic role and terms of reference)
 - Outcome B2 – New ways of working for Executive Committees (including thematic lead roles and terms of reference)
 - Outcome B3 – New Committee structure to take us to the end of the current Mayoral term
 - Outcome B4 – Policy Space for Board Members (potentially through a reenvisioned LSM)
 - Outcome B5 – Informal governance arrangements to support the Committee structure (that engage Constituent Authorities appropriately)
- 4.7 These improvement outcomes have a clear interdependency upon Workstream A of the Improvement Plan, particularly developing a Strategic Plan (with deliverables) to take the Combined Authority to the end of current Mayoral Term alongside identified Mayoral priorities. The Governance Framework must reflect the Strategic Framework in that it should provide the platform for effective decision-making, strategy development and implementation etc in line with the Strategic Objectives of the Combined Authority.
- 4.8 Progress made on Workstream A and the close working between Workstreams A and B have allowed significant progress to be made in developing proposals for Outcomes B1 to B5.

- 4.9 As well as ensuring the developing proposals for B1 to B5 are best placed to drive delivery of the developing strategic plan there are a number of other drivers that these workstream outcomes have taken on board, they are as follows:

Review of Governance

- 4.10 There are a number of key drivers that the governance framework must address from the review of governance, primarily these key drivers are as follows:

- Create a more strategic role and remit for the CA Board, allowing it to focus on economic growth, big tickets items and wider strategic considerations. To do this the burden of business needs to be removed from Board along with the current almost monthly cycle of Board meetings
- To support a strategically focused Board the Executive Committees could undertake thematic decisions making with wider delegations to be considered
- Consider the future role of the Business Board, the Levelling Up White Paper and any implications for the Business Board
- Mayoral priorities may need support through Mayoral Advisory Groups (MAGs)
- Sustainability and sustainable growth have no specific home in the existing governance framework
- Create steering committee/ advisory groups to drive constituent engagement

Additional Drivers

- 4.11 There are other additional drivers that need to be taken on board in developing the governance framework, primarily these are as follows:

- Investment Committee proposals discussed at November LSM, options required to address matters raised
- New CPCA Directorate structure (Resources & Performance – Place & Connectivity – Economy & Growth – CEX Unit)
- Concerns regarding quorum levels for Committees
- Housing Committee role needs to change given changes in Housing role/ funding at the CA
- Devolution Deal includes requirement for establishment of an Education Committee. Para 35 states – *To ensure continued collaboration the Combined Authority will establish an Education Committee with the Regional Schools Commissioner and other key local education stakeholders. The Regional Schools Commissioner will work with the committee to provide strategic direction on education across the Combined Authority area.* Should this be addressed?
- Deliver appropriate governance for Net Zero and Sustainable Warmth programmes
- Respond to the Internal Audit of Subsidiary Companies which highlighted the lack of Shareholder Board arrangements within the governance framework

- 4.12 Any proposals also need to deliver generic key principles for Mayoral Combined Authority governance structures and in line with the CAs constitution, that being:

- Board agrees vision, strategic plan and annual delivery plans
- Board is decision-maker, it is Board that decides if it delegates decision-making
- Committees develop key strategy/ policy proposals through engagement for Board to consider and approve
- Committees oversee implementation and delivery of approved key strategy/ policy

4.13 These key drivers and considerations are all being taken on board in proposals being developed for workstreams B1 to B5 that cover:

- Strategic remit for Board
- Delegations to Thematic Committees
- Clarity on strategy/ subject matter/ performance responsibilities at Thematic Committees
- Shareholder Committee
- Informal governance arrangements to drive constituent council engagement
- Governance support for Mayoral ambitions
- Proposals for an investment/ project management type Committee
- Wider engagement of constituent council Councillors
- Additional support for Council Leaders
- New approach to Lead Member roles

4.14 Proposals have been discussed with Mayor, Deputy Mayor and Lead Member for Governance and will be discussed further with the Chief Executives Group on 29 November. Leaders will be engaged further by their Chief Executives and also at the December meeting of LSM.

4.14 If engagement does not result in requirement for significant change to proposals it is intended to take detailed proposals to the January 2023 Board meeting for consideration.

4.15 A offer is made to the Committee to take it through proposals relating to B1 to B5 via a workshop or at the Committees additional meeting scheduled for 13 January that the Committee has arranged to discuss constitutional matters (given that such proposals will have significant constitutional impact).

The Performance Management Framework

4.16 Unlike the developing governance framework being driven by Workstream B the Performance Management Framework requirement set out in Workstream E has not yet progressed as far in its development.

4.17 The Performance Management Framework has a significant interdependency with Workstream A1 (strategic plan), A1 will set out the strategic objectives and associated performance measures of success. Base line measures are being developed so that we can set KPIs and targets (for identified outcomes) and therefore measure (and report) progress against these over the next two years.

4.18 A scoping document for a performance management framework is in the process of being drawn up by an external consultant, it is anticipated this will be completed by the end of November. The Workstream Lead will review the scoping document once complete to ensure it takes account of required governance framework considerations.

4.19 Post January there is a need to plan to build the agreed vision and priorities into divisional work plans, resources, skills development and also performance reporting so they all link back to the agreed vision (golden thread). Whilst this might not be part of the vision and priorities document it needs to be in place to drive the day to day activity across the CA (what needs to stop, start, change etc – and how we need to work with constituent authorities and other key stakeholders).

- 4.20 It is suggested that a comprehensive plan for development of the Performance Management Framework comes to the Committee on 27 January 2023.

Significant Implications

5. Financial Implications

- 5.1 At the Combined Authority Board in July £750,000 was approved to support the scope, development and delivery of work relating to improvement activity.

6. Legal Implications

- 6.1 There is a legal requirement to have a fully functioning Audit and Governance Committee within the CA framework.

7. Public Health implications

- 7.1 No Public Health implications are directly identified within this report at this stage.

8. Environmental and Climate Change Implications

- 8.1 No Environmental and Climate Change implications are identified within this report at this stage.

9. Other Significant Implications

- 9.1 The External Auditor and DLUHC have set out clearly the expected focus for improvement. It is important that the CA can demonstrate its commitment to improve and also the progress it is making on this journey so more formal interventions are not put in place; the unfreezing of future funding is dependent on this.

10. Appendices

- 10.1 Appendix A – Report to Combined Authority Board: [CMIS > Meetings](#)
10.2 Appendix 1 – Letter to EY

11. Background Papers

- October CA Board Report – Improvement Framework
- July CA Board Report - Improvement Assessment
- Governance review
- External Auditors letter