



Audit & Governance Committee		Agenda Item
9 June 2023		8
Title:	Improvement Framework	
Report of:	Angela Probert, Interim Director of Transformation Programme	
Lead Member:	Mayor, Dr Nik Johnson	
Public Report:	Yes	
Key Decision:	No	
Voting Arrangements:	A simple majority of all Members present and voting	

Recommendations:

A	Consider progress against the stated areas of improvement identified by the External Auditor in June 2022 and Best Value Notice received in January 2023.
B	Note the reframed improvement plan (to be) agreed by the CA Board at its meeting on 31 May 2023
C	Note the observations of the Independent Improvement Board held on 22 May 2023.
D	Note the observations from the recent meetings between the Combined Authority corporate management team and constituent councils management teams.
E	Note the proposed RAG rating methodology to measure progress of improvement activity against the agreed reframed Improvement Plan.
F	Note the progress made on the appointment of Chair, Independent Improvement Board.

Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

x	Achieving ambitious skills and employment opportunities
x	Achieving good growth
x	Increased connectivity
x	Enabling resilient communities
x	Achieving Best Value and High Performance

The identified improvements set out in this report aim to meet the concerns of the External Auditor and Best Value Notice. By making necessary improvements, the capacity, culture and governance of the Combined Authority will support and enable the delivery of identified priorities and objectives set out in the Corporate Plan. The CA Board meeting on 31 May 2023 agreed an additional 5th strategic objective 'Achieving Best Value and High Performance' to reinforce the need for all public organisations to demonstrate Best Value and delivery against plans.

1. Purpose

1.1	Provide the Audit and Governance Committee with an opportunity to review progress against the key areas of concern identified by the External Auditor in his letter dated June 2022 and February 2023, and the Department for Levelling up, Housing and Communities (DLUHC) in its letter dated January 2023.
1.2	Assure itself (and the Board) that the improvement framework will satisfy DLUHC and the External Auditors concerns.
1.3	Assure itself (and the Board) that improvement is on track.
1.4	Receive feedback from the Independent Improvement Board meeting held on 22 May 2023.
1.5	Finally, the report updates the Committee on the appointment of the Chair, Independent Improvement Board to replace Lord Kerslake.

2. Proposal

2.1	<p>Following the full and detailed review of improvement activity so far and the proposed areas of focus in the reframed improvement plan reported to Audit and Governance in March 2023, progress as at May 2023 is attached as Appendix 1 against the agreed key themes to reflect identified concerns by the External Auditor and the Best Value Notice:</p> <ul style="list-style-type: none">• Governance and decision making• Project Plans and delivery• Procurement• Partnerships• Culture, Capacity and Confidence
2.2	<p>Further to the meeting in March, activity has taken place to refine the reframed Improvement Plan in line with the themes set out in paragraph 2.1 above. Attached as Appendix 2 is the proposed plan to directly address the concerns raised by the External Auditor in June 2022 and DLUHC through the Best Value Notice. It also picks up any outstanding elements from the initial phase of improvement and learning from the first phase of improvement. It will be reviewed on a regular basis to ensure it is fit for purpose and reflects any additional areas of concern that are raised.</p> <p>The transformation fund agreed in July 2022 will continue to be used to support activity required.</p>
2.3	<p>The Independent Improvement Board met on 22 May 2023. A note from the Chair has been circulated to the Chair of Audit and Governance and is attached as Appendix 3 for reference. It will also feed into the first quarterly meeting with DLUHC to be held on 6 June where the new Chief Executive will be present.</p> <p>The note sets out key areas of assurance and further areas for focus. The headline from the (Acting) Chair is that whilst there is more to do – good progress is being made.</p>
2.4	<p>The new Executive Directors and Head of Policy are currently testing confidence in the CA and perception of improvement progress to date with external stakeholders. The new CPCA corporate management team has at the time of writing met collectively with five of the senior leadership teams of the constituent member authorities, key themes emerging from these meetings include;</p> <ul style="list-style-type: none">• Welcoming the opportunity for the first round of joint management team meetings.• A clear desire to work together and strengthen relationships, put firmer foundations in place and establish new ways of working• Importance of the CPCA having a permanent corporate management team, a “strong team” with a breadth of experience being a significant step forward.• Clear that that the CPCA is on an improvement journey, with progress made in a number of areas, described as “feeling different”, “more mature conversations already”, and “visible green shoots”.• Whilst more remains to be done it is important that collectively we look backwards less and adopt an approach of “Heads up and look ahead”

	<ul style="list-style-type: none"> • Recognition of the need to come together behind a common shared vision for the Place, with areas of common interest identified; underpinned by a clear set of priorities and robust pipeline of future interventions to deliver agreed outcomes. Welcome ongoing conversations and work to inform these areas. • The need to retain a focus on delivering the “here and now” and those programme and projects already committed to.
2.5	<p>The Independent Improvement Board have requested the use of ‘Rag Rating’ to report progress against identified areas of activity. It is proposed that this will be used from June 2023 for Improvement reports to all Boards and Committees to ensure a consistent approach. We have used our learning from the first phase of improvement and sought best practice to inform our future approach. Set out below is the proposed methodology to be adopted:</p> <ul style="list-style-type: none"> • Green - Successful delivery of the improvement theme to time, cost and quality appears to be highly likely. • Green Amber - Successful delivery of the improvement theme within timescale appears probable. However, constant attention will be needed to ensure risks do not materialise into issues threatening delivery. • Amber - Successful delivery of the improvement theme appears feasible, but issues exist requiring attention. These appear resolvable at this stage, and if addressed properly, should not represent a schedule overrun. • Amber Red - Successful delivery of the improvement theme is in doubt with major risks or issues apparent some key areas. Action is underway to ensure these are addressed and establish whether resolution is feasible. • Red - Successful delivery of the improvement theme within the agreed timescale and/or budget appears to be unachievable as issues have been identified which officers conclude are at present not manageable or resolvable. The theme will therefore need re-profiling.
2.6	<p>Committee was advised in March that due to poor health Lord Kerslake needed to step down as Chair of the independent Improvement Board. Julie Spence, Deputy Chair has taken on the role of acting Chair whilst a permanent Chair is confirmed. The Committee will be updated further on progress to confirm a new Chair at the meeting on 9 June.</p>

3. Background

3.1	<p>The proposals set out in this report build on the detailed report presented to CA Board in March 2023. The link to the relevant Board papers is attached as set out in paragraph 10.1. The proposals also address directly the issues raised by the External Auditor, the Best Value Notice and DLUHC; again attached through a link in paragraph 10.1</p>
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4. Appendices

4.1	Appendix 1- Update on key areas of Improvement May 2023
4.2	Appendix 2 – Reframed high level Improvement Plan (agreed) by CA Board on 31 May 2023
4.3	Appendix 3 – Note from (Acting Chair) Independent Improvement Board following meeting on 22 May 2023

5. Implications

Financial Implications

5.1	Costs of the Improvement related activity contained within this report are funded by the Improvement Budget approved by the Combined Authority Board.
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Legal Implications

6.1	<p>The CPCA is required to consider the key areas of concern identified by the External Auditor in June 2022 and in the Best Value Notice received in January. The CPCA Board agreed the Improvement plan in October 2022 and the reframed improvement plan.</p> <p>This committee has the statutory duty to review and assess the authority's risk management, internal control and corporate governance arrangements. The improvement plan deals with risk management, internal control and corporate governance arrangements of the CPCA.</p>
Public Health Implications	
7.1	None
Environmental & Climate Change Implications	
8.1	None
Other Significant Implications	
9.1	None
Background Papers	
10.1	<p>CA Board January 2023 Agenda Item 2.4 – Corporate Strategy and Business Plan</p> <p>CA Board Report 22 March</p> <p>Audit and Governance Committee Report 24 March</p> <p>Best Value Notice</p> <p>External Auditor Letter</p>