



| | | |
|---------------------------------------|--|-------------|
| Audit and Governance Committee | | Agenda Item |
| 26th January 2024 | | 4 |
| | | |
| Title: | Improvement Framework | |
| Report of: | Angela Probert, Interim Director of Transformation Programme / Nick Bell, Executive Director Resources and Performance | |
| 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 | Note the progress made over November and December against stated areas of improvement identified by the External Auditor in June 2022 and Best Value Notice received in January 2023 as reported to the CA Board on 31 May 2023, set out in paragraphs 2.2 to 2.7. |
| B | Note the proposed transition from the current Improvement plan to continuous improvement activity embedded across and down through the Cambridgeshire and Peterborough Combined Authority set out in paragraph 2.8. |
| C | Note the intention to review the current remit and focus for the Independent Improvement Board following the delivery of stated areas of improvement identified by the External Auditor and the Best Value Notice set out in paragraph 2.9. |
| D | Note the outcome of the recent Internal Audit review of the 'Project planning and delivery' improvement programme set out in paragraph 2.10. |

| 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 and result in the CPCA being seen as achieving best value and high performance. | |

1. Purpose

| | |
|-----|--|
| 1.1 | Provide the Audit and Governance Committee with an opportunity to review progress over November and December 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. |
|-----|--|

2. Proposal

| | |
|-----|--|
| 2.1 | The highlight report attached as Appendix 1 sets out activity delivered during the period November to December 2023 against the Improvement Plan agreed by the CA Board in May 2023. |
| 2.2 | <p>Improvement plan progress</p> <p>The overall Improvement programme is rated as 'Green' at the end of December 2023, meaning 'successful delivery of the Improvement Plan to time, cost and quality appears to be highly likely', reflecting the positive trends across the five themes set out in the highlight report.</p> <p>The Improvement Group, chaired by the Executive Director, Resources and Performance continues to assess progress against the agreed plan and address any programme issues or risks.</p> <p>The Improvement Group has identified the key links between key deliverables set out in the Improvement Plan to ensure a programme wide focus on delivery is in place and dependencies managed.</p> <p>Set out below is detail of the activity delivered against the Improvement Plan for each improvement theme over November and December 2023.</p> |
| 2.3 | <p>Governance and decision making (Green)</p> <ul style="list-style-type: none">• The Governance training roll-out has continued for officers and members – specifically on how the CA works with its constituent authorities, running an effective committee/Board meeting and scrutinising and overseeing subsidiary companies of the CPCA.• SAF & EDAF links have been discussed within the project group and DLUHC have signed off the SAF and agree it is an exemplar for other authorities to reference.• The Risk Register has been reviewed to ensure the risks reflect the current project status and has contributed to the development of the programme risk register.• A new governance hub is being developed to provide a single point of contact for the Combined Authority on governance, processes and procedures.• The review of the Audit & Governance Committee's operations compared to other Mayoral Combined Authorities (MCAs) has been completed and shared with Committee members who have made recommendations regarding its outcome.• There is further work required in the Members arena to ensure that there is safe space for challenge outside of the formal CA Board, a space where they can agree joint purpose & focus.• Finally, the new Business Board and governance and processes are beginning to be embedded, the successful recruitment of new members supports this, and the Economic Development Group have met twice.• Some of our work is now being considered as best practice, for example a case study has been provided to the Centre for Governance & Scrutiny (CfGS) to demonstrate the development of the scrutiny roles specific to Combined Authority. As a result, discussions are taking place with CfGS about how the scrutiny developments that have been undertaken could helpfully contribute to the guidance for CA scrutiny being developed by CfGS and other MCAs are now looking at what we have done with O&S as leading practice. |
| 2.4 | Procurement (Green) |

| | |
|-----|---|
| | <ul style="list-style-type: none"> • The new procurement hub to provide a single point of contact for the Combined Authority on procurement and contract management issues has been launched. • New documentation has been completed for procurement and Grant Funding Agreements and is being rolled out to relevant staff. • Basic training on procurement has been rolled out to every member of staff of the Combined Authority. • More specific training for complex procurements and for contract managers has been sourced for relevant officers and will be delivered in January and February. • Further KPIs to help demonstrate how procurement is delivering best value and social value have been developed and will be rolled out early in the New Year. • Work continues reviewing the main contracts used by CPCA and the workstream is in a very good place to have delivered its key outputs by the end of the year. |
| 2.5 | <p>Project plans and delivery (Green)</p> <ul style="list-style-type: none"> • The CA Board in November approved the SAF implementation report as presented to go live in June 2024 following the CA Board AGM as it requires the appointments to be made to the new Investment Committee • Work has been undertaken in support of the implementation, embedding and upskilling required that sits around the Single Assurance Framework • Further work to develop the Performance Management Framework has been completed, the Balanced Scorecard is now a more central element of the report and in addition a RAG rating system has been introduced to aid interpretation of performance data. • A 'State of the Region Review' project is being co-produced and co-delivered with constituent authorities, Higher Education (HE) institutions and the ICS. It has entered delivery phase and will create a relevant, reliable and accessible 'State of the Region' review of the current state of the Cambridgeshire and Peterborough Region. • The Combined Authority is developing plans to establish and embed an effective performance management culture for the organisation. This will include training for members and officers, and appointment of data champions. An initial all-staff 'Introduction to the Performance Management Framework' session took place on 4 December. • Work has begun to develop quarterly Thematic Performance Reports encompassing Dashboards of Key Performance Indicators (KPIs) relevant to the remit of the thematic committee. Infrastructure Committee or Business Board). • Training has been the implementation of Risk Software (4Risk) has commenced with initial training completed with the PMO and training for Combined Authority Programme and Project Managers scheduled for November. |
| 2.6 | <p>Partnership working (Green / Amber)</p> <ul style="list-style-type: none"> • An exercise was completed to collate evidence and case studies across key projects that have been or are currently being undertaken in each Directorate where collaboration, partnership working and building effective relationships have been instrumental in achieving the desired outcomes for the Combined Authority, its partner organisations, and the region. • The evidence base was completed, and a report was presented for consideration to IIB (Independent Improvement Board) in November. • The view of the IIB was that the case studies provided a wealth of evidence of progress in partnership working. However, it was concluded that it would be premature to conclude the workstream based upon this evidence and that there is scope in the member arena for further work to build a framework and culture that promoted a consensus-based approach to discussion and decisions. This will be developed further as part of the visioning and devolution workshops to take place in January 2024. • The CPCA is currently working with partners to develop its proposition at the UK Real Estate Infrastructure and Investment Forum (UKREIIF) in Leeds on 21st to the 23rd May this year. This will be a key theme and focus for the visioning workshop on 26 January. |

| | |
|-----|---|
| | <p>To turn the status of this important improvement theme to 'Green', the activity and approach set out above will be further embedded over the coming months.</p> |
| 2.7 | <p>Confidence, culture and capacity (Green)</p> <p><u>Ambition and priorities</u></p> <ul style="list-style-type: none"> • Tenders have been scored for the delivery of State of the Region and a consultancy has been appointed. The consultants met with the State of the Region Partner Technical Group on the 15th of November to commence work. • In terms of the Vision piece of work, tenders have been received and evaluation/interviews completed. Consultants Prior+Partners have been appointed; mobilisation planning is underway and there is a Vision & Future Devolution Opportunities workshop being held on the 26th January 2024. • Q2 Corporate Performance Report was presented to November Board as planned. <p><u>Leadership</u></p> <ul style="list-style-type: none"> • The second development session for members took place on 22nd November with a focus on 'Budget Scrutiny', nine members including the Chair attended the session and it included a wide-ranging discussion, which all Members were engaged in and found helpful. • This was followed by the third session, 'Code of Conduct' on the evening of 6th December which again was well attended (circa twenty members including some Board members) and well received. • A further Executive Director Seminar has also taken place, focussing on the Place & Connectivity Directorate. <p><u>Values and behaviours</u></p> <ul style="list-style-type: none"> • Feedback from the fourth staff conference and workshops has been reviewed and the information is available for staff on the newly re-launched Central CPCA Hub. The feedback has also been used to inform the development of the next staff survey which was launched on 6th December alongside a video detailing some of the changes made in response to staff feedback. Findings from the survey will be shared at the next staff conference scheduled for the 1st of February. Planning is well under way for this. • Findings and recommendations from the external review of Communications, Engagement & Public Affairs has been shared with constituent Councils and partners engaged in the review, with an offer for further 1:1 meetings to discuss outcomes and next steps. Phase One of the plan, which was derived from the communications review has been completed and this includes the confirmation of three key posts (Head of Service, Corporate Communications Manager and Public Affairs & Stakeholder Engagement Manager) within a newly integrated Communications, Engagement & Public Affairs Team. Additionally, a new approach to campaigns and engagement is being trialled using the launch of the "Road to Better Buses" campaign at the end of November, and through the Corporate Plan and MTFP consultation. <p><u>Recruitment, retention, reward, and resourcing</u></p> <ul style="list-style-type: none"> • New Recruitment and Selection Training was signed off by CMT on 20th November and this was communicated to managers w/c 27th November regarding the commencement of training. The new procedures aim to ensure an efficient, fair, and merit-based approach to hiring, while revising appraisal processes to empower staff to excel in their roles. • Mid-year reviews with staff have been completed. This provides an opportunity to reinforce our values and behaviours with staff and ensure they are being adhered to and encouraged. We are still collating documentation and feedback but so far, the information is encouraging with 89% of reviews currently confirmed as completed. |

| | |
|-----|---|
| 2.8 | <p>Transition from improvement to transformation and continuous improvement embedded across the CPCA</p> <ul style="list-style-type: none"> • The Improvement programme has delivered or is on track to deliver on all areas of concern set out in the Best Value Notice and External Auditors letter. Regular meetings have taken place with the Department for Levelling Up, Housing and Communities (DLUHC) and the Chief Executive has written to the External Auditor (attached as Appendix 2) on progress made to address identified concerns. • There is a need to keep a focus on those areas not yet delivered e.g. Implementation of the agreed Single Assurance Framework scheduled to be delivered by June 2024, to give the Independent Improvement Board and DLUHC confidence that the Combined Authority is clear (and confident) in its journey of continuous improvement. • A report to the Combined Authority Board at the end of January will give an update on this exercise to identify all areas of stated improvements that have delivered agreed outputs and milestones to address concerns by the External Auditor and Best Value Notice, and also any areas that need a continued focus to embed the improvements made. • It is also anticipated that the Combined Authority will have received feedback from DLUHC and the External Auditor on any outstanding areas of concern. • The pace of required improvement has meant the organisation will need to continue to focus on embedding the changes and be recognised as ‘this is how we work around here’ and also evidence this through KPIs or other indicators. The Combined Authority will only see the benefit of this investment and hard work if it looks to embed the required governance, way of working, delivery and culture, and understand how this supports transformational change to deliver ambitions for the region and evidences the impact of this. • In February 2024 using the governance mechanisms already in place, it is proposed to: <ul style="list-style-type: none"> • Close down identified improvement activity that is agreed to have been delivered. • Learn lessons from this latest phase of improvement – and use going forward. • Agree areas of ‘transformation/continuous improvement’ and where they sit in the revised 24/25 Directorate Business Plans currently being developed. • Confirm outcomes and how impact will be measured (through a newly defined continuous improvement plan) • Agree governance by the corporate management team in leadership, monitoring and reporting. • Consider a potential revised role for the Independent Improvement Board, as set out in paragraph 2.9 of this report. • Consult with key stakeholders on the proposed approach. • In March 2024 it is proposed to: <ul style="list-style-type: none"> • Report the proposed approach to Overview and Scrutiny Committee, Audit and Governance Committee, the Independent Improvement Board and also external observers. • Seek agreement at the Combined Authority Board on 20 March 2024 to the proposed approach to Transformation/Continuous Improvement and any revised role and remit of the Independent Improvement Board |
| 2.9 | <p>Independent Improvement Board engagement and future role</p> <ul style="list-style-type: none"> • The Independent Improvement Board (IIB) continues to meet formally on a bi-monthly basis where it receives a report by the Chief Executive on the progress of the Improvement plan. Constituent Chief Executives attended the IIB meeting on 16 January to discuss the opportunities that the developing future vision and deeper devolution will give the CPCA region and how all of the CA Board and officers need to work together. • A note from the Chair, Independent Improvement Board will be circulated to the CA Board and other key stakeholders on areas of assurance and those that require further focus. This note will also be circulated to members of the Audit and Governance Committee in advance of the meeting. |

| | |
|------|--|
| | <ul style="list-style-type: none"> • The Chief Executive and senior officers continue to engage with IIB members on a regular basis and the IIB Chair key continues to meet key stakeholders. • With the potential that external agencies may assess that the Combined Authority has addressed the key concerns set out in the External Auditor's letter and the Best Value Notice, consideration needs to be given to whether there is an on-going role for the Independent Improvement Board; and if so, what this is and how this might best support the Combined Authority Board in the delivery of the stated ambitions for Cambridgeshire and Peterborough Combined Authority and the region. • The remit and focus for the Independent Improvement Board was agreed in October 2022 by the Combined Authority Board and adopted by the Independent Improvement Board in January 2023. • The current focus for the Independent Improvement Board reflected in the current Terms of Reference attached as Appendix 3 is to: <ul style="list-style-type: none"> ○ Provide external advice, support, challenge and expertise to Cambridgeshire and Peterborough Combined Authority to ensure focus, grip, pace and effective change on key areas identified. ○ Support the delivery of the Combined Authority Improvement Plan agreed by the Combined Authority Board. ○ Provide assurance to the Combined Authority Board and external agencies of the progress on delivering the key outcomes and associated activity set out in the Improvement plan. ○ Identify and share learning and best practice with Members and Officers on all activities included in the Authority's Improvement Plan, including identification of development opportunities for both members and officers. • Following the discussion at the Independent Improvement Board meeting on 16 January a potential revised remit will be drafted and circulated to the Independent Improvement Board for consideration in February. The draft remit and terms of reference will then be shared with relevant Combined Authority Committees, and other key stakeholders; to be signed off at the Improvement Board meeting in March, considered by Audit and Governance and Overview and Scrutiny Committees and presented to the Combined Authority Board at its meeting on 20 March 2024 for agreement. |
| 2.10 | <p>Internal Audit review – Project planning and delivery improvement programme</p> <ul style="list-style-type: none"> • Following the positive Internal Audit on the 'Governance and decision-making' improvement activity in September; reported to this Committee in November 2023, a further Internal Audit review was undertaken in December on the 'Project planning and delivery' improvement programme. • The Internal Audit report concluded that <i>'overall, the CPCA was able to demonstrate that Workstream E (Project planning and delivery) of the Improvement Plan captured the key improvement themes identified and was subject to robust approval and monitoring processes. Key deliverables had been reported as achieved in line with the timeframes set out in the reframed Improvement Plan, whilst the organisation demonstrated collaboration with key stakeholders in the creation of frameworks designed as part of the workstream.'</i> • <i>In a highlight report to the CPCA Board meeting in November 2023, the Project Planning & Delivery Workstream was RAG rated green by the organisation for the period up to the end of October 2023, meaning that successful delivery of the workstream in terms of cost, time and quality was highly likely'.</i> • It was noted that the frameworks will not be in operation until the following financial year and we have identified scope for improvements in relation to ensuring that the organisation has documented how it will assure itself that the new frameworks are being effectively applied in practice. • The Internal Audit opinion stated: |

| | |
|--|--|
| | <p><i>‘Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</i></p> <p><i>However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).’</i></p> <ul style="list-style-type: none"> The following actions have been agreed and owners identified: <p>Management Action 1 (Workstream Group)</p> <ul style="list-style-type: none"> We will add sections for revised dates and completed dates on the action logs for Workstream meetings. Priority: Low <p>Management Action 2 (Embedding Change)</p> <ul style="list-style-type: none"> For all frameworks created as part of the Project Planning and Delivery workstream, we will ensure that it has documented an implementation plan, setting out the key tasks to ensuring that the framework will be applied in practice, each with an owner and due date. Priority: Low <p>Management Action 3 (Embedding Change)</p> <ul style="list-style-type: none"> For all frameworks created as part of the Project Planning and Delivery workstream, we will ensure that it has an agreed list of quantitative and qualitative measures which it can utilise to assure itself that the frameworks are applied in practice. Priority: Medium <p>Management Action 4 (Partner working group)</p> <ul style="list-style-type: none"> We will ensure that key discussions from the Partner Working Group will be formally captured. Priority: Low <p>The Audit and Governance Committee will receive a separate report at its meeting on 26 January with regard to this audit from the Internal Auditor.</p> |
|--|--|

3. Background

| | |
|-----|---|
| 3.1 | The proposals set out in this report respond to the 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 |
|-----|---|

4. Appendices

| | |
|-----|--|
| 4.1 | Appendix 1- Highlight report November / December 2023 Appendix 2 – Letter from Chief Executive to External Auditor Appendix 3 – Current Terms of Reference for the Independent Improvement Board |
|-----|--|

5. Implications

| |
|------------------------|
| Financial Implications |
|------------------------|

| | |
|---|--|
| 5.1 | The Board in July approved an additional £250K to fund the Improvement Programme to the end of January 2024 and it is anticipated that these funds will cover all the required activity to that point. |
| Legal Implications | |
| 6.1 | <p>On 24 January 2023, the CPCA was issued a Best Value Notice ("Notice") which is a formal notification that the Department has concerns regarding an authority and is a request that the authority engages with the Department to provide assurance of improvement. The Notice was issued outside the statutory powers held by the Secretary of State under the Local Government Act 1999 to inspect or intervene in local authorities where there is evidence of Best Value failure and, separately, under section 230 of the Local Government Act 1972 to request information from local authorities. The notice advised that a failure to demonstrate continuous improvement may be judged to contribute to Best Value failure and the Secretary of State will consider using these powers as appropriate.</p> <p>The delivery of the actions within this report as well as any subsequently identified actions, supports the CPCA in demonstrating that it is achieving sustainable and continuous improvement. Ultimately, the changes made through this improvement plan will enable the CPCA to effectively deliver its strategic priorities and ensure it is delivering value for money.</p> <p>As noted in this report, a risk register is in place and will be maintained.</p> |
| Public Health Implications | |
| 7.1 | None |
| Environmental & Climate Change Implications | |
| 8.1 | None |
| Other Significant Implications | |
| 9.1 | None |
| Background Papers | |
| 10.1 | CA Board Report 22 March Best Value Notice External Auditor Letter |