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| <b>Audit and Governance Committee</b> |  | Agenda Item |
| <b>8 March 2024</b>                   |  | <b>5</b>    |
|                                       |  |             |
| 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  |             |

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| <b>Recommendations:</b> |  |
| A                       | Note the identified areas of ongoing concern set out in the Best Value Notice received in January 2024 attached as Appendix 1.   |
| B                       | Note the closedown of activity in the current improvement plan (phase 2).  |
| C                       | Note the approach to finalise the phase 3 improvement plan to reflect the ongoing concerns set out in the Best Value Notice received in January 2024 to be submitted to the CA Board on 20 March 2024 for agreement. |
| D                       | Note the draft revised terms of reference for the Independent Improvement Board going forward, to reflect the delivery of stated areas of improvement identified by the Best Value Notice received in January 2024.  |

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| <b>Strategic Objective(s):</b>   |   |
| 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

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| 1.1 | <p>Provide the Audit and Governance Committee with an opportunity to review:</p> <ul style="list-style-type: none"> <li>• The proposed close down of activity across the phase 2 improvement plan to address 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.</li> <li>• The key areas of concerns set out in the Best Value Notice dated January 2024 and the proposed approach to the development of the phase 3 improvement plan to be submitted to the CA Board on 20 March 2023</li> </ul> |
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## 2. Purpose

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| 2.1 | <p><b>Best Value Notice January 2024</b></p> <p>In January the Audit and Governance Committee was advised that a review of all improvement activity would be undertaken in February. The Committee was further advised that improvement activity agreed to have been delivered would be closed down, and any live activity still to be delivered would be moved across to Directorate Business Plans.</p> <p>A new Best Value Notice was received by the Combined Authority on 30 January 2024 for a further six month period. Therefore a continued focus on addressing key areas of concerns is still relevant for Committees, the Independent Improvement Board and the Combined Authority Board.</p> <p>The Best Value Notice (January 2024) acknowledges the steps the CPCA has taken to address the serious issues previously identified and the constructive engagement with the Independent Improvement Board and the Department for Levelling Up, Housing and Communities. It also recognises the Authority's progress in delivering the agreed improvement plan.</p> <p>The Notice acknowledges that embedding cultural change and ensuring that it is having the desired, long-term impacts is likely to take time and will require sustained effort from both officers and, indeed, members at CPCA.</p> <p>The Notice remains concerned that, despite efforts made, more work is needed to ensure effective partnership working between all levels of the Combined Authority and its constituent authorities, to enable the area to achieve its full potential.</p> <p>It notes that whilst the Independent Improvement Board (IIB) "continues to draw assurance from the work of the officer team within [CPCA], this needs to be matched by the actions of the [Combined Authority] Board itself".</p> <p>The Notice is attached as Appendix 1 and identifies the following expectations of the Combined Authority:</p> <ul style="list-style-type: none"> <li>• Continue to implement and embed the changes agreed by the Combined Authority Board as part of the improvement plan.</li> <li>• Continue to implement and monitor cultural change across the organisation, for both officers and members, with a focus on measurable outcomes.</li> <li>• Commit, through strong partnership working at both officer and member level, to develop the strategic priorities and aspirations for the area that will benefit local residents, and a credible delivery strategy for progressing these. We hope that this can be achieved through consensus but, if not all stakeholders are ready to fully engage, the opportunity should be left open for them to do so when they feel ready to. This work is also important in informing CPCA's approach to further devolution.</li> </ul> |
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|     | <ul style="list-style-type: none"> <li>• Continue with the independent Improvement Board, making full use of its support and engaging with its recommendations over the next six months.</li> <li>• Continue to engage regularly with the Department at official level throughout the period of this Notice.</li> </ul>   |
| 2.2 | <p><b>Closedown of the Improvement Plan (phase 2)</b></p> <p>The Improvement Group met on 8 February and received, and accepted, recommendations regarding improvement activity in the phase 2 Improvement plan (put in place to address the Best Value Notice 2023 and outstanding External Auditor concerns)</p> <p>It was agreed that elements of activity in the improvement plan should be categorised as either:</p> <ul style="list-style-type: none"> <li>• Completed and any future review to be held at a Directorate level</li> <li>• Completed - no further action</li> <li>• Open – outstanding actions to be contained in the Improvement plan phase 3</li> <li>• Open – outstanding actions to be contained (and monitored) in Directorate Business Plans currently being drafted as not contained as an area of focus in the Best Value Improvement Notice January 2024.</li> </ul> <p>Attached as Appendix 2 is the closedown plan for current improvement activity based on the above criteria.</p> <p>Progress on activity to be contained in Directorate Business Plans will be reported to Corporate Management Team as part of a regular Directorate Business Plan monitoring report.</p> <p>A lessons learned exercise is currently being undertaken to feed into the next phase of improvement.</p> |
| 2.3 | <p><b>Improvement plan phase 3 development</b></p> <p>Based on the areas of continued concern set out in paragraph 2.1, the key areas of focus and CMT leads in the phase 3 improvement plan will be:</p> <ol style="list-style-type: none"> <li>1.Strategic priorities and aspirations for the area – Kate McFarlane</li> <li>2.Cultural change across the organisation, for both officers and members – Judith Barker</li> <li>3.Embed the changes agreed by the Combined Authority Board – Nick Bell (then the new Executive Director, Resources, when appointed)</li> </ol> <p>Partnership working will be covered by all three themes</p> <p>Key outcomes and deliverables are currently being scoped and will be reported to the Independent Improvement Board and Overview and Scrutiny for comment on route to the Combined Authority Board on 20 March for agreement.</p> <p>The current governance arrangements for the improvement plan, identified as effective by the Internal Auditor, will continue for a further six months.</p>  |
| 2.4 | <p><b>Independent Improvement Board engagement and future role</b></p> <p>Further to the report to Audit and Governance Committee in January, the Independent Improvement Board has reviewed its current terms of reference and in line with the new Best value Notice that has been received, has agreed to remain in place with a revised terms of reference for a further 12 months, subject to the CA Board in March.</p>   |

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|  | Attached for information, as Appendix 3 is the draft terms of reference that has been drafted and will be reported to the next Overview and Scrutiny Committee and following this, the CA Board on 20 March for agreement. |
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### 3. Background

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| 3.1 | The proposals set out in this report respond to the report presented to CA Board in March 2023 and the new Best Value Notice received in January 2024. |
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### 4. Appendices

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| 4.1 | <p>Appendix 1- Best Value Notice January 2024</p> <p>Appendix 2 – Closedown plan - Improvement plan phase 2</p> <p>Appendix 3 – Revised draft terms of reference for the Independent Improvement Board</p> |
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### 5. Implications

#### Financial Implications

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| 5.1 | The costs of phases 1 and 2 of the Improvement Programme have been met from a dedicated fund approved for this purpose by the Combined Authority Board. As the Improvement Programme will now need to continue into a phase 3, running to the end of July 2024, further funds will be needed to cover the programme infrastructure and activities during this next phase and approval will be sought for additional funds at the Board meeting on 20 <sup>th</sup> March. |
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#### Legal Implications

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| 6.1 | <p>In January 2024, 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.</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> |
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#### Public Health Implications

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| 7.1 | None |
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#### Environmental & Climate Change Implications

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| 8.1 | None |
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#### Other Significant Implications

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| 9.1 | None |
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#### Background Papers

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| 10.1 | <a href="#">CA Board Report 22 March</a><br><a href="#">Best Value Notice</a> |
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