



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY – DRAFT MINUTES

AUDIT AND GOVERNANCE COMMITTEE: MINUTES

Date: 25th June 2021

Time: 10:00am

Location: Main Hall, Burgess Events and Conference Centre, One Leisure, Westwood Road, St Ives PE27 6WU

Present:

Mr John Pye
Cllr Ian Benney
Cllr Tony Mason
Cllr Shaz Nawaz
Cllr Graham Bull
Cllr David Brown
Cllr Mike Sargeant
Cllr Graham Wilson

Chairman
Fenland District Council
South Cambridgeshire District Council
Peterborough City Council
Huntingdonshire District Council
East Cambridgeshire District Council
Cambridge City Council
Cambridgeshire County Council

Officers:

Kim Sawyer
Robert Parkin
Anne Gardiner
Jon Alsop
Daniel Harris
Janet Warren
Adrian Cannard
Robert Emery

Interim Chief Executive Officer
Monitoring Officer
Scrutiny Officer
Chief Finance Officer (S73 Officer)
Internal Auditors (RSM)
Adult Education Budget Coordinator
Strategic Planning Manager
Chief Accountant and Deputy S73 Officer

1. Apologies for Absence and Declarations of Interest

- 1.1 No apologies were received.
- 1.2 No declarations of interest were made.

2. Election of Vice Chair

- 2.1 Cllr David Brown was duly elected the Vice Chair for the municipal year 2021/22.

3. Chair's Announcements

- 3.1 The Chair thanked the departing members of the Committee for their hard work and contribution over the past year and welcomed the new members.

- 3.2 The Chair informed the Committee that the External Auditor, Suresh Patel, would be leaving EY, but he had committed to deliver the final audit results at the end of July.

The Chair thanked Suresh for his work and wished him well in his future role.

- 3.3 The Chair had met with Mayor Johnson who, as a medical professional, recognised the need and the value for good internal controls. The Mayor would attend meetings of the Audit and Governance Committee when invited.

The Mayor also supported the recommendation from the Committee that there should be a presumption of holding Business Board meetings in public. An issue which would be discussed when the Business Board Chair attended the Committee's next meeting.

- 3.4 The Chair advised that the Chief Executive Officer would be running late and he had therefore moved item 5 Combined Authority Update to the end of the agenda.

4. Minutes of the last Meeting

- 4.1 The minutes from the meeting held on the 6th April 2021 were agreed as a correct record.

- 4.2 The Actions from the previous meeting were noted.

6. Internal Audit Progress Report

- 6.1 The Committee received the report which provided an update to the work that RSM have conducted against the internal audit plan for 2020/21.

- 6.2 The Internal Auditor said that the current work programme would be included in his future reports.

- 6.3 In response to a question,, the Committee were advised that the testing undertaken during the grant audit included looking at a range of areas and checking to ensure that any potential for fraudulent claims was minimal. The guidance that had been issued was considered; the Internal Auditor confirmed that there were strict criteria and these had been adhered to.

- 6.4 In response to a question regarding the register of interest forms, the Monitoring Officer advised that the action from the Internal Auditor had enabled the governance team to redouble efforts to ensure forms were returned from members. This was a challenging task and was reliant on the cooperation of the appointed members. In future, the Chairs of Committees and the Board may be requested to encourage any members that had not been forthcoming with their forms.

- 6.5 In response to a question about changing the classification from 'no assurance' to 'minimal assurance', the Internal Auditor advised that this was as a result of receiving feedback from clients; there were a number of local authority teams that used this definition, and it was fully compliant with standards.

- 6.6 The Internal Auditor advised that two recommended actions had been superseded. The first was related to the fact that the Combined Authority had absorbed its Treasury Management function in-house and therefore the action was no longer relevant. The second was in relation to the preparation of a progress report for the

A&G Committee: this was superseded, as the Medium Term Financial Plan and the Business Plan now came to the Committee.

- 6.7 In response to a question, the Committee were advised that the medium priority actions within each report would result in an action plan with officers – if these hadn't been implemented when the auditors revisited the actions then they may need to be escalated to high priority.
- 6.8 In response to a question about the audits for Risk Management and IT controls, the Committee were advised that RSM were providing support including training for staff in risk.
- 6.9 In regards to the IT controls, the Committee were advised that the report had been useful in commissioning SOCITM to look at the needs of the Combined Authority in terms of support required around ICT provision.
- 6.10 The Committee noted the report.

7. Draft Statement of Accounts and Annual Governance Statement

- 7.1 The Committee were asked to note that the draft Statement of Accounts 2020/21 had been published with the notice on the exercise of public rights.
- 7.2 The Committee discussed the draft accounts with the following questions and points being raised:-
- 7.3 In response to a query about how the accounts could be made more accessible to members of the public, officers advised that this had been raised as an issue in the recent Redmond Review. Government guidance was expected and would be implemented once received.
- 7.4 In response to a question about exit packages in 2019/20, officers agreed to see if further notes could be included.

Officers agreed to check what the increase in governance costs from £17k to £49k were.
- 7.5 In response to a question about grants to third parties and the level of disclosure provided, officers agreed to check the guidance to see if further information could be included.
- 7.6 In response to a question about the Mayor's costs, the Committee were advised that they included staffing and the increase reflected new posts that had been created. The Mayor's budget was considered separately.
- 7.7 The detail on the subsidiary accounts was included within the group accounts. In addition each company has their own set of accounts which could be brought to a future committee meeting to give them visibility.
- 7.8 The Committee were advised that the revenue costs included capital funding; this was different to how most local authorities operated. As the Combined Authority was mainly a commissioning body, most of the capital spend was on other organisations' projects. The £110m spending on capital grants was on capital projects delivered by others.
- 7.9 The Committee requested that a report come to Committee in six months (November) with an update on what guidance had been received from government on how to simplify accounts for members of the public.

7.10 The Committee then discussed the Annual Governance Statement with the following points being raised:-

- The Committee requested that the governance of the Trading Companies should be included in the Annual Governance Statement stating either what had been done or what would be done.
- Officers agreed to include in the Annual Governance Statement what progress had been made in regard to the commitment to delivery of the doubling of GVA in 25 years as part of the Devolution Deal
- The Committee requested that officers reconsider the wording which described the CPCA as a Strategic and Commissioning body, as it now had operational responsibilities.
- The Committee requested that any changes to the Accounts and Annual Governance Statement be marked up in the next version.

7.11 The Committee noted the report.

8. 2020/21 Treasury Management Outturn Report

8.1 The Committee received the report which requested they review the actual performance to 31st March 2021 against the prudential indicators included within the Treasury Management and Capital Strategies.

8.2 The Chief Accountant and Deputy S73 Officer advised that the Combined Authority Board had approved the Treasury Management Strategy.

8.4 In response to a question about long term deposits, the Committee were advised that the return was better on longer investments.

8.5 The Combined Authority received funds for projects which would be delivered over a 4-5 year period. It was not uncommon to receive funding in one year which would not be used to deliver on the objectives of a project until the 2nd or 3rd year.

8.6 The Committee was advised that the non-compliance detailed in the report was a result of receiving additional funding which had not been anticipated; the breach was reported to the Committee in January with the advice that the level indicator had been increased.

8.7 The Committee were advised that the term slippage referred to spend within a capital programme which had not spent its budget within its set year – the reasons for this would vary. The officers agreed to provide a breakdown summary of slippage on projects to the committee members.

8.8 The Committee noted the report.

9. Adult Education Budget Update

9.1 The Committee received an update on the Adult Education Budget Audit and Assurance approach.

9.2 The Committee queried the results of the audit of one of the providers which had received a 20% error rating; the auditors were still investigating the organisation and that the results would be reported back to the committee. The Combined Authority had ceased involvement with that provider due to unsatisfactory performance in the first year.

The Committee were advised that in the main the audit results were being reported as satisfactory.

9.3 The Committee requested that a further update be brought to the November meeting.

9.4 The Committee noted the report.

10. Climate Change Commission

10.1 The Committee received the report which described the development of climate change recommendations through the work of the Cambridgeshire and Peterborough Independent Commission on Climate.

10.2 The Committee questioned whether there had been a cost ratio carried out to ensure that the commission was delivering good value for money and were advised that the impact on Combined Authority operations would be determined by the decisions taken by the CA Board at their meeting the following week. The cost effectiveness of the commission would be included in the second report due to be produced later in the year.

10.3 The Committee were advised that the Climate Working Group would be the best place for the committee to get involved and could request to review the Terms of Reference for this group once it had been established and receive regular updates on how the recommendations from the commission were being implemented.

10.4 The Committee raised concerns that flooding had not been included in the commission's report and agreed to recommend to the Climate Working Group (once established) that this be considered as a matter of urgency.

10.5 The Committee AGREED that they would contact the Climate Working group once it had been set up to review the Terms of Reference and request regular updates from the group and to recommend that flooding be considered as part of the commissions report.

The Committee noted the report.

11. Corporate Risk Register

11.1 The report asked that the Committee note and review the Combined Authority's Corporate Risk Register and recommend any proposed changes for reporting to the next Combined Authority Board meeting for approval.

11.2 The Monitoring Officer advised that the IT residual risk score had been reduced as it was judged that by working with the current provider and the consultants, SOCITM, there was now a responsive and resilient system in place.

11.3 The Committee were advised that the risk relating to the change in political management had been closed. While there had been some lessons learned, officers were used to working in a changing political environment and were able to respond effectively. Comparisons with other Combined Authorities and the experiences from the introduction of a new Mayor four years ago had helped. Officers advised that lessons would be learnt from this transition to ensure an even smoother transition plan was in place for next time.

11.4 The Committee Agreed to approve the approach being taken by officers in regard to the risk register and requested that an insight into the risk management strategy process be provided.

11.5 The Chief Executive Officer suggested that the Committee consider the value of the risk register and whether it could be used to inform the committees work programme going forward. The Chair Agreed that he would meet with the Monitoring Officer to assess this.

11.6 The Committee noted the risk register.

12. Review of Governance Policies and Annual Report

12.1 The Committee received the report to comment on and note the corporate whistleblowing and complaints procedures, to review the procedures and note the data on corporate complaints and Freedom of Information requests from June 2020 – May 2021.

12.2 The Monitoring Officer said that there had been 6 late responses to FOI requests; however, there was the option within the FOI Act for officers to request extensions to ensure responses could be provided accurately.

12.3 The main topics of the FOI requests were, transport, procurement, impact of Covid, grants applications and HR Policy information.

12.4 The team were currently working with the County Council's GDPR team to ensure that the processes at the Combined Authority were efficient.

12.5 In response to a question about whistleblowing, the Monitoring Officer advised that certain complaints received could fall into the whistleblowing category; they had to be assessed to ensure they were handled within the appropriate framework.

12.6 The Committee were advised that further numbers would be reported at the September meeting.

The Committee noted the report.

5. Combined Authority Board Update

5.1 The Interim Chief Executive Officer provided an update for the Committee on the recent activity of the Combined Authority Board.

5.2 There had been a significant change at the Combined Authority due to the new Mayor being elected and a change in the political balance across the county.

5.3 Officers had been working with the new Mayor to ensure greater collaboration with the constituent councils.

5.4 The recruitment for the new CEO had been completed with the appointment due to be agreed at the next CA Board.

5.5 The Combined Authority had taken on the transport teams from Cambridgeshire County Council and Peterborough City Council through TUPE transfer but were still in a transition period.

5.6 The Mayor had made a commitment to stop work on the CAM project and a decision regarding this would come to the CA Board in July.

5.7 Action was being undertaken to look at the way committees worked in the Combined Authority to improve effectiveness.

Cllr Sargeant raised a point that the review of the CA governance arrangements and that the Housing Programme in regards to the MHCLG should be looked into.

5.8 The Government had focused on the OxCAM ARC as an area of economic recovery and had announced plans to produce a strategic framework and set up a statutory growth body for the ARC, which would have powers to drive growth opportunities across the area.

5.9 A national LEP review was ongoing which would affect the Business Board; funds were no longer coming directly to LEPs as Government had centralised all bidding;

funds would no longer be directly devolved to the Combined Authority but would be disbursed in a competitive process with other combined authorities to secure levelling up funding.

- 5.10 A Skills White Paper has been produced which had advised that the Combined Authority would no longer have skills powers devolved to it but rather that Chamber of Commerce would cover this area; the Combined Authority were considering in consultation with other Combined Authorities what this would mean going forward.
- 5.11 In response to a question about the Housing situation and any further updates from MHCLG, the Committee were advised that a report was due to go to the CA Board next week which would detail this.
- 5.12 In response to a question about how the Combined Authority would go about stopping a significant project such as the CAM, the Chief Executive Officer advised that the CAM programme had not stopped as that decision had to be approved by the CA Board; the framework for CAM was still in place but the decision had been taken to halt the work of the consultants to save on costs.
- 5.13 The Committee thanked the Chief Executive Officer for the update.

13. Work Programme for the Audit & Governance Committee

- 13.1 The Committee requested that a training session be scheduled for March 2022 for the committee to carry out a self assessment.
- 13.2 The Committee requested that prior to the training session on Trading Companies in September that a briefing note be provided for members.
- 13.3 The Committee received and noted the Work Programme report.

14. Date of next meeting

- 14.1 The next meeting would be held on the 30th July 2021, Main Hall, Burgess Events and Conference Centre, One Leisure, Westwood Road, St Ives PE27 6WU

Meeting Closed: 12:42pm.