

Governance Arrangements

To: Business Board

Meeting Date: 15 May 2023

Public report: Yes

Lead Member: Chair of the Business Board, Alex Plant

From: Jodie Townsend, Improvement Lead

Key decision: No

Recommendations:

Business Board is recommended to:

- a) Note the changes to Governance Arrangements at the Combined Authority set out in section 3;
- b) Appoint 2 Business Board representatives to each of the following Committees:
 - i) Transport & Infrastructure Committee
 - ii) Skills & Employment Committee
 - iii) Environment & Sustainable Communities Committee;
- c) Note the change in role of the Business Board set out in section 5;
- d) Note the change in CPCA representation on the Business Board set out in section 5;
- e) Note the Business Board key functions set out in paragraph 5.4;
- f) Agree proposed next steps in developing the Business Board element of the CPCA Constitution as set out in paragraph 5.6;
- g) Endorse improvement actions set out in paragraph 5.8; and
- h) Consider its response to matters raised by the CPCA Board in paragraph 5.12.

1. Purpose

- 1.1 The CPCA review of governance (which included Business Board engagement), endorsed by CPCA Board in July 2022, provided recommendations designed to reshape the governance framework at the Combined Authority. The Improvement Plan that followed, which was endorsed by the CPCA Board on 19 October 2022, incorporates and builds upon the majority of those recommendations.
- 1.2 On 22 March 2023 (following extensive engagement with the Mayor, Leaders and Chief Executives of Local Authorities, partners and the Business Board) a report was considered and endorsed in full by CPCA Board setting out changes to the Combined Authority Governance Arrangements.
- 1.3 These proposed changes are part of a set of improvement actions to bring alignment between the Corporate Plan, Medium Term Financial Plan and supporting governance arrangements at the Combined Authority.
- 1.4 This report provides an overview of the changes to governance at the Combined Authority and the elements specific to the Business Board, as well as seeking appointments to Thematic Committees and an agreed approach to next steps in developing the governance of the Business Board.

2. Context

- 2.1 The Governance Arrangements report endorsed by CPCA Board on 22 March 2023 provides a significant response to the review of governance, concerns raised by the CPCA external auditors and demonstrates to Government a commitment to improved operation and delivery by the Combined Authority.
- 2.2 The governance arrangements were developed in alignment with work to develop the CPCA Corporate Strategy and drive delivery of agreed strategic objectives. The Governance Framework must reflect the Strategic Framework and should provide the platform for effective decision-making, strategy development, implementation and appropriate monitoring in line with the Strategic Objectives of the Combined Authority.
- 2.3 The report was also developed within the context of developing the role of the Business Board in line with the 2021 LEP integration guidance, the guidance states the core functions of LEPs should be:
 - Engaging business voice in local strategy
 - Working with local leaders to carry out strategic economic planning and maintaining a local economic evidence base
 - Deliver Growth Hub, trade and investment, Careers Hub, SAP, LSIP and skills evidence, local Digital Skills Partnership activities
 - Support devolution deals
- 2.4 The Business Board and the CPCA commissioned Metro Dynamics to undertake a review into its future role and responsibilities, this report was considered in drafting the governance arrangements report endorsed by CPCA Board, alongside work undertaken in the CPCA Improvement Plan under workstream C which required the development of the future role and functions of the Business Board in line with Government requirements.

3. Overview of CPCA Governance Arrangements

3.1 The governance arrangements approved by CPCA Board are centred around the principle of alignment with the CPCA Board focused on its role as the strategic decision-maker with clarity on the following key roles and responsibilities as follows:

Set Strategic Objectives	-	CPCA Board
Approve Strategy	-	CPCA Board
Strategic Decision-Maker	-	CPCA Board
Develop strategy proposals	-	Thematic Committees
Implement agreed strategy	-	Thematic Committees
Operational & Delivery Oversight	-	Thematic Committees
Strategic Scrutiny	-	Overview & Scrutiny

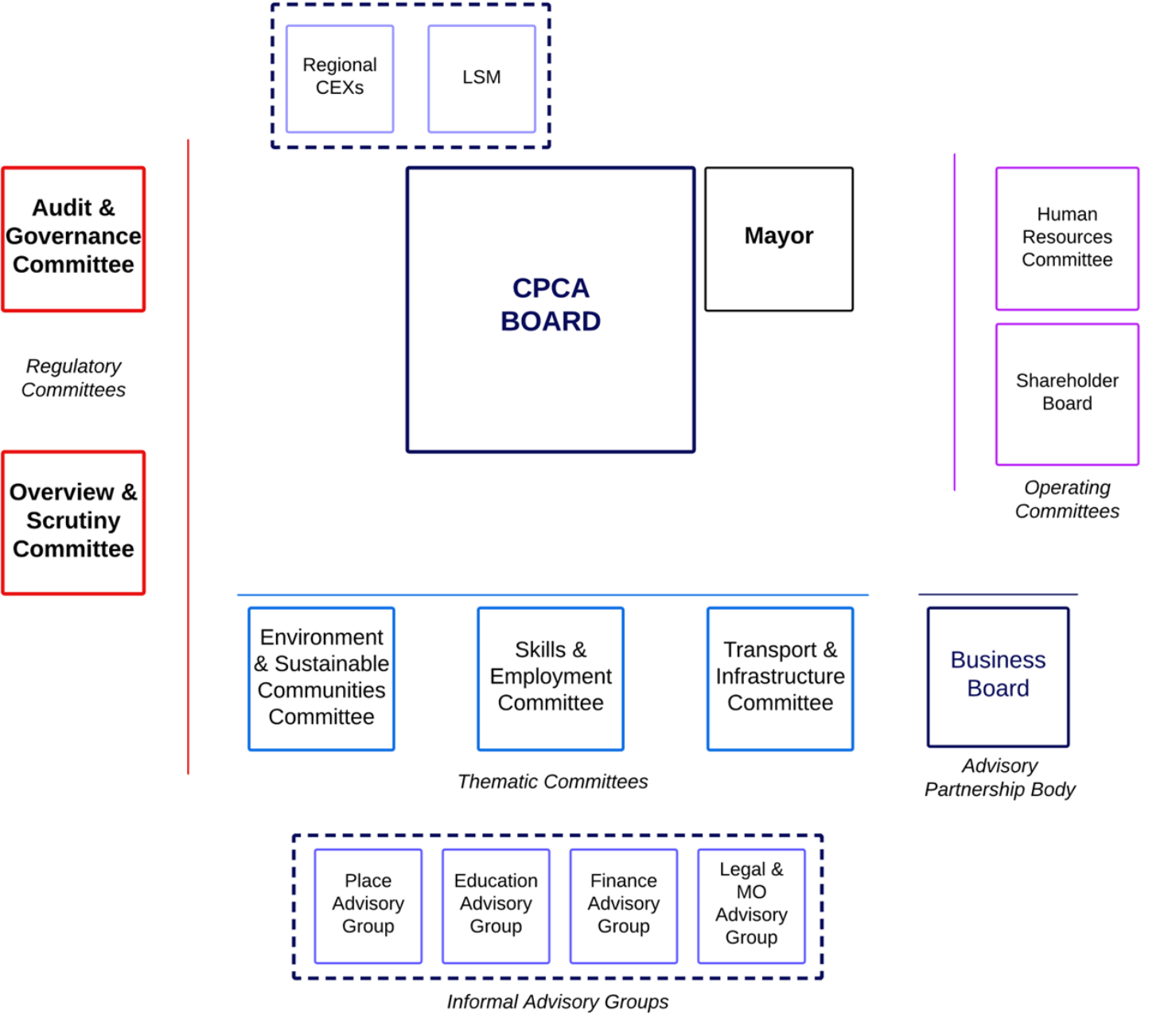
3.2 The changes include:

- New Terms of Reference for Board placing it as strategic body
- New Committee structure
- Delegated authority to Thematic Committees to implement as well as develop strategy, have an operational and delivery oversight role, approve projects identified in MTFP
- Thematic Committees chaired by Board appointed Portfolio Lead
- New Terms of Reference for each Thematic Committee focused on Corporate Plan responsibilities
- Membership changes to allow Mayor to act as Mayor rather than Board representative at Thematic Committees and Business Board representation on Thematic Committees to drive Economic Growth and Business link
- New strategic advisory and partnership engagement role for the Business Board
- Repurposed Human Resources Committee
- Reenvisioned Leaders Strategy Meeting
- Supporting CA/ LA Officer Groups

3.3 The changes to the governance arrangements are intended to:

- Focus the CPCA Board as a Strategic body supported by Thematic Committees
- Reduce the burden of work on the Board and on Board Members
- Empower Thematic Committees, through appropriate delegation, to implement agreed strategy as well as develop proposals for Board consideration
- Address 'thematic gaps' identified in the Governance Review by creating an Environment & Sustainable Communities Committee which will pick up ongoing Housing issues
- Clarify the role and functions of the Business Board

3.4 The changes made have created the following governance structure at the CPCA:



**LSM refers to Leaders Strategy Meeting*

3.4 The full detail of the agreed changes to the Combined Authority Governance Arrangements can be viewed in the report that went to the 22 March CPCA Board meeting, this can be accessed via this link: [Document.ashx \(cmis.uk.com\)](https://cmis.uk.com/Document.ashx)

4. Business Board Representation

- 4.1 The changes within the CPCA Governance Arrangements have membership implications for the Business Board, the first of those being a change in CPCA representation at the Business Board. Moving forward the CPCA will be represented at the Business Board by the following:
- The Mayor of the Combined Authority
 - The CPCA Lead Member for Economic Growth
 - The CPCA Member for Skills & Employment
- 4.2 This change will see an increase in CPCA representation on the Business Board from 2 to 3.
- 4.3 The changes also involve the creation of 2 co-opted roles on each Thematic Committee for Business Board appointees. This was proposed to CPCA Board following engagement at the joint CPCA Board/ Business Board workshop that was undertaken in December 2022, the roles were supported by Business Board and CPCA Board membership as a way of:
- Driving economic growth considerations at each Thematic Committee
 - Representing Business Community within each Thematic area
 - Provide link between Business Board work programme and Thematic Committee work programmes
- 4.4 It is intended that the Business Board will operate with embedded membership, where individual Business Board members lead on specific topics and are embedded within thematic CPCA committees (e.g. skills, transport) where they can contribute the Business voice to decisions with elected members.
- 4.5 The Business Board is requested to appoint 2 representatives from its membership to each CPCA Thematic Committee at its Annual General Meeting on 15 May 2023, those Committees are as follows:
- Skills & Employment Committee
 - Transport & Infrastructure Committee
 - Environment & Sustainable Communities Committee

5. Role of the Business Board

- 5.1 The governance arrangements considered and approved at March CPCA Board took into account the review of governance, the Metro Dynamics review into the future role of the Business Board (attached as Appendix 1 to this report) and feedback from the joint CPCA Board/ Business Board workshop and engagement with the Business Board Chair.
- 5.2 The CPCA Board approved that the purpose of the Business Board is recast, to transition from being an executive programme board to one providing:
- strategic business advice to CPCA's Board, Mayor, Committees and officers across all policy areas
 - advice on the development and shaping of economic strategy and day to day oversight of progress on implementation, on behalf of the CPCA Board who decide on and own the strategy

- a business voice for Cambridgeshire and Peterborough.

5.3 The CPCA Board approved key functions for inclusion in the Business Board Terms of Reference, noting that the Executive Director for Economy and Growth will, through close working with the Business Board, drive implementation and delivery of the CPCA Priority Area 'Achieving Good Growth' as set out in the CPCA Corporate Plan.

5.4 The key functions for the Business Board, approved by CPCA Board, are as follows:

Purpose of the Business Board:

- sits as the strategic business voice to the Combined Authority, Mayor, Committees and Officers. Providing strategic business advice on economy, business, skills, transport, housing, UKSPF and future devolution deals
- act as the lead business voice to the Combined Authority for the region, representing business to the CPCA
- take the lead role in developing economic growth strategy iterations for the CPCA through close working with the Executive Director for Economic Growth and the relevant Combined Authority Lead Member for Economic Growth
- develop proposals for strategy and key policy for Combined Authority Board consideration, engaging key stakeholders and partners in order to assist delivery of the CPCAs strategic objectives
- provide advice on the development and shaping of economic strategy and day to day oversight of progress on implementation, on behalf of the CPCA Board who decide on and own the strategy
- engage specific business sectors as and when required to provide advice, guidance and responses to consultation to the Combined Authority
- members individually act as sector champions for their areas of expertise – leading on engaging with local and national networks, bringing insight into CA discussions, and supporting stakeholder engagement with CA officers on specific pieces of work
- works with the Combined Authority to identify key opportunities to engage the business community on influencing priorities with Government and maintain a role of developing local networks to support this

Key Functions of the Business Board

- Strategic business voice to the Board, Mayor and CA committees on economy, business, skills, transport, housing, UKSPF and future devolution deals
- Engagement with Government and national bodies/networks as agreed with CPCA
- Oversight and strategic direction of business support (currently delivered through Growth Works programme), inward investment, R&D and innovation
- Lead partnerships on good business practices and inclusive growth – e.g. a Good Employment Charter, Living Wage commitments for local businesses
- Contribute to and advise on CPCA economic and skills evidence base, playing a lead role in the development of state of the region assessments
- Supporting implementation of CPCA strategies

Business Board Key Functions regarding CPCA Corporate Plan

- support the Executive Director for Economic Growth to drive implementation and delivery of CPCA Priority Area – Achieving Good Growth as set out in the CPCA Corporate Plan
- provide operational oversight of Achieving Good Growth Priority Area and associated strategy, policy and performance

- Through close working with the CPCA develop, manage and implement key sector strategy such as:
- Agri-Tech Sector Strategy
- Life Sciences Sector Strategy
- Advanced Manufacturing and Materials Strategy
- Digital Sector Strategy
- Provide operational oversight of implementation of key deliverables and performance measures of CPCA Priority Area – Achieving Good Growth as set out in the CPCA Corporate Plan

5.5 The Business Board is asked to note the key functions identified above in 5.4 which were developed through engagement with the Business Board and CPCA.

5.6 The changes agreed by the CPCA Board have been made with an intention to strengthen the impact that the Business Board can have on CPCA business and seek to fully embed the business voice into regional democratic conversations.

5.7 The changes to the key functions and purpose of the Business Board do not just recognise the existing representation of the business voice through the Business Board but go further by seeking to ensure that business voice is strengthened and part of regional efforts to lobby government and external bodies on business matters.

5.8 The changes seek to ensure the Business Board takes a lead role in putting an economic lens across all CPCA activity as well as taking a lead on the 'achieving good growth' priority area within the Corporate Plan. The Business Board will also lead on a raft of important core economic strategies on economic growth across the four priority sectors, trade and investment as well as contribute the business voice across skills, transport, infrastructure, climate change and community conversations.

5.9 The Business Board constitution will need to be updated to reflect the changes detailed above for inclusion within the CPCA Constitution, this will need to be part of a wider piece of work that is driven by the Business Board in shaping its operational arrangements and its own governance. **It is proposed that a draft Business Board Constitution with highlighted areas for development be brought to the next informal Business Board meeting for further discussion.**

5.10 This work will require drafting a new Terms of Reference and functions that reflects its new purpose, Government's expectations for the functions of an integrated LEP and its role in shaping and supporting implementation of economic strategy.

5.11 The CPCA Board also endorsed at its meeting on 22 March 2023 the following in support of progressing the new role and functions of the Business Board:

- The Business Board be requested to work with the CPCA public affairs function to identify key opportunities to engage the business community on influencing priorities with Government and maintain a role of developing local business networks to support this.
- The Chair, Vice Chair and members' roles and responsibilities on the Business Board should be reviewed accordingly to appropriately reflect the content of the Governance Arrangements report.
- A partnership approach and culture should be established between Boards whereby the Business Board can provide timely advice on decisions to be taken by the CPCA Board.
- Business Board members create space to have policy and strategy discussions with the CA Board and officers

- The Business Board and CPCA Board should have strategic joint meetings twice yearly to exercise oversight over the development and implementation of economic strategy.
- The new Executive Director for Economy and Growth work closely with the Business Board Chair to set strategic direction for the Board along with the Chief Executive and Mayor to align decision-making.
- A forum is established for officer scrutiny and management of funding and project delivery with appropriate member oversight

5.12 The Business Board is asked to endorse the actions detailed above in 5.8.

5.13 The CPCA Board, whilst noting that the workings of the Business Board are a matter for the Business Board itself, agreed that it is important that the Business Board be able to assure the CPCA Board that it is best placed to be the lead business advisory and engagement body to the Combined Authority.

5.14 The CPCA Board noted that it was important in delivering its new role that the Business Board has the capability to deliver cross sector and regional geographical business representation for the Combined Authority and can engage appropriate business clusters as required by the Combined Authority for intelligence and consultation.

5.15 The CPCA Board requests that the Business Board:

- **consider its membership approach and how it can specifically deliver appropriate sector representation in line with CPCA Corporate Plan requirements, wider geographical and small business representation and matters raised within the Governance Arrangements report and in the Metro Dynamics Review into future role and functions of the Business Board)**
- **consider how it will demonstrate that it can develop the necessary relationships with other business forums in the region such as the Chamber of Commerce and that it has the capability to engage appropriate business sectors/clusters as required by the Combined Authority for key consultations.**

6. Next Steps

6.1 The Business Board is asked to consider its next steps in response to the agreed new CPCA Governance Arrangements, responding to matters raised by the CPCA Board and in developing its own governance. It is also asked to note the following additional next steps in continuing improvement of the CPCA governance arrangements.

Programme Board Role

6.2 The Business Board has to date had oversight, reporting to Government and responsibility for monitoring and evaluation of various Growth Funding which the Government has awarded through LEP's, this has included the Local Growth Funding (LGF) and Getting Building Funding (GBF) in recent years, but also the Business Board has provided oversight over funding decisions involving other funding streams attributed to LEP's such as Enterprise Zone (EZ) business rate retention funds. Government reporting requirements have lessened to twice annual returns as those Growth Funds programme investing period has long since closed and the expectation is that the programme returns will eventually cease, possibly with the closure of LEP's.

- 6.3 The Business Board will continue to have a role in determining recommendations on awarding the funding that remains to be deployed, this mainly comprises the recycled LGF and the EZ business rates income, but this activity may well lessen and change over the coming year as those available funds reduce and the decision-making transitions to processes under a new Single Assurance Framework (SAF) and the Business Board becomes more advisory in its work. Monitoring and evaluation of the various programme and project funds already invested by the Business Board will also likely transition to the Programme Management Office (PMO) function within the CPCA also as part of a new SAF.

Economic Development Advisory Group

- 6.4 A key intention of the next steps in the evolution of governance ways of working at the Combined Authority is the creation of an Economic Development Advisory Group to support the governance framework and the policy framework. This group would be an Advisory Body to the CPCA that consists of both CPCA Officers and Local Authority Economic Development leads, plus additional membership from partners and stakeholders yet to be determined.

- 6.5 The role of the Advisory Group will be as follows:

- To feed policy guidance, advice, and suggestions into the CPCA policy process (via Leaders Strategy Meeting)
- To provide economic development link to the CPCA Governance framework including the Business Board
- to support the work programmes of CPCA Thematic Committees for example the implementation of the Economic Growth Strategy and Priority Sector Strategies
- To coordinate and monitor delivery of Thematic specific action plans for example Economic Growth Strategy Implementation Plan
- To advise and support co-creation of business cases and bids for new programmes and projects
- ensure appropriate links and communication channels are developed and maintained between constituent authorities, CPCA, Business Board, key partners, and government agencies
- Ensure links and briefings on key topics are provided within own organisation/ local authority
- sharing information and good practice as necessary to ensure effective joined up, cross-local authority boundary working and improved performance - forward planning effectively, to ensure the timely consideration of issues within the Thematic Committees remit and to allow for analysis of emerging opportunities and risks and consideration of steps to either exploit or minimise their impact
- formulate advice to Members of Committees on areas within its remit

- 6.6 The Economic Advisory Group would have a key relationship with the Business Board in delivering its role as set out above.

Assurance Framework

- 6.7 To date the Business Board has been working in compliance with the Local Assurance Framework. The Business Board have previously been briefed on the CPCA Improvement Framework, a key element of which includes the development of a Single Assurance Framework (SAF) that reflects agreed organisational values, drives standards and future proofs the organisation. This will replace the Local assurance Framework.

- 6.8 A SAF is a set of systems, processes and protocols designed to provide a consistent approach to lifecycle stages (initiation/ development/ approval), appraisal, assurance, risk management and performance throughout the lifecycle of projects and programmes. Having a consistent approach will enable the development of proportionate routes and approval considerations based around a core set of standards which in turn allows for specific layers to account for complexity. The consistency allows for simplicity and greater understanding of intent, requirements and quality of consideration.
- 6.9 A SAF will also set out key processes for ensuring accountability, probity, transparency and legal compliance and for ensuring value for money is achieved across its investments. It will also provide 'plug-ins' to governance and internal systems of control. A SAF would be applied across the lifecycle of all projects and programmes that incur a financial liability upon the CA.
- 6.10 A SAF is a key requirement in assuring Government that the Combined Authority has robust processes in place to drive standards within projects in order to seek to maximise delivery impact. It will seek to ensure that the Combined Authority is fit for the future and supportive of future devolution by providing the standards, checks and balance, accountability and robustness referred to in the English Devolution Accountability Framework.
- 6.11 A significant amount of engagement has already begun on developing the SAF with Constituent Authority Chief Executives and wider colleagues, it is proposed that an update on SAF development and discussions on how to utilise the expertise of the Business Board come to the next informal meeting of the Business Board.

Significant Implications

7. Financial Implications

- 7.1 The financial exposure due to the change is expected to be minimal as additional extra travel costs will be incurred when the Board Members will be attending any activities in person.
- 7.2 Although, the overall financial impact of the change in the region cannot be assessed at present. The expectation is that the changes will bring financial benefit in our area, thanks to the involvement of the new member who will provide their business skills knowledge and expertise.

8. Legal Implications

- 8.1 Decisions relating to amendment to the Combined Authority's Constitution which includes the Business Board's Constitution, are for Combined Authority Board to make. As a result, the adoption of a new Constitution must be agreed by Combined Authority Board.
- 8.2 As detailed in the body of the report the Combined Authority Board has endorsed and adopted the revised governance arrangements and amendments to the Constitution.

9. Public Health implications

- 9.1 No Public Health implications have been identified within the content of this report.

10. Environmental and Climate Change Implications

- 10.1 No Environmental and Climate Change implications are identified within the content of this report. The new Combined Authority Governance Arrangements seek to ensure a greater focus on environmental and climate change matters, supported by the creation of the Environmental and Sustainable Communities Thematic Committee.

11. Other Significant Implications

- 11.1 No other significant implications have been identified within the content of this report.

12. Appendices

- 12.1 Appendix 1 - Metro Dynamics Review of Future Role of the Business Board

13. Background Papers

- 13.1 Governance Arrangements Report to CPCA Board, 22 March 2023

[Link: [Document.ashx \(cmis.uk.com\)](#)]

- 13.2 CPCA Improvement Plan

[Link: [Document.ashx \(cmis.uk.com\)](#)]