

<b>Overview &amp; Scrutiny Committee (OSC)</b>		Agenda Item
<b>18<sup>th</sup> March 2024</b>		<b>6</b>
<b>Governance &amp; Decision Making Phase 2 &amp; next phase</b>		
Title:	Governance & Decision Making Improvement Workstream	
Report of:	Nick Bell, Executive Director Resources & Performance	
Lead Member:	Councillor Edna Murphy, Lead Member for Governance	
Purpose:	Provide OSC with a briefing paper and opportunity to put questions to officers on the progress made with the Governance & Decision Making Workstream.	
Description:	<p>The Phase 2 workstream focus was on the issues highlighted in the Best Value Notice of January 2023 around poor governance &amp; decision making within the Combined Authority. There was a clear and urgent need to improve the governance arrangements and improve and simplify the decision making arrangements. The workstream has been responsible for:</p> <ol style="list-style-type: none"> <li>1. Implementing new governance arrangements &amp; constitutional arrangements agreed by the CA Board</li> <li>2. Strengthening the decision making processes by: <ul style="list-style-type: none"> <li>• Supporting the development of the SAF</li> <li>• Supporting the development of Performance Management arrangements</li> </ul> </li> <li>3. Agreeing and implementing the role of the Business Board &amp; the Business Advisory Panel</li> <li>4. Improving internal scrutiny within the CPCA</li> </ol> <p>Phase 3 will focus on any outstanding items and embedding the arrangements completed in Phase 2, as set out in the Best Value Notice issued 30<sup>th</sup> January 2024 where the Best Value Notice identified the Combined Authority needed to:</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> </ul>	
Description:	<p><b>Embedding the new Governance &amp; Constitutional Arrangements</b></p> <ul style="list-style-type: none"> <li>• The CA Board agreed new Governance &amp; associated constitutional changes on the 22<sup>nd</sup> March 2023. The workstream focus was on the implementation and embedding of those agreed changes.</li> <li>• The workstream, whilst not responsible for the development of the Single Assurance Framework, was responsible for ensuring the governance structures and arrangements to support its implementation are in place.</li> <li>• The integration of the Business Board into the new structures, reflecting the government changes to how Local Enterprise Partnerships are to be managed, was part of this workstreams responsibility.</li> </ul>	
Workstream Objective:	<ul style="list-style-type: none"> <li>• The workstream objective is to ensure the new governance arrangements agreed at Combined Authority Board are implemented and embedded.</li> <li>• The governance and decision making arrangements will ensure robust decision making across the CA and support the implementation of the Single Assurance Framework.</li> </ul> <p><b>Develop and strengthen the decision making processes</b></p>	



	<ul style="list-style-type: none"> <li>• Simplified decision making processes supporting the SAF with agreed delegations &amp; structures in place to ensure delivery. Create the structures to support the SAF implementation.</li> </ul> <p><b>Agree and embed the role of the Business Board &amp; Business Advisory Panel</b></p> <ul style="list-style-type: none"> <li>• Oversee the development of the governance arrangements of the BB, make sure the constitution reflects the new arrangements.</li> </ul> <p><b>Improve internal scrutiny within the CPCA</b></p> <ul style="list-style-type: none"> <li>• To ensure the continued development of robust scrutiny arrangements, ensure members receive adequate training, support and remuneration for their role. Develop a succession plan for the Audit &amp; Governance committee in terms of the independent member.</li> <li>• Oversee the internal review of Audit &amp; Governance.</li> </ul>
<p>Governance:</p>	<p>The Project Manager reports into the Governance and Decision Making Improvement Workstream which is chaired by Nick Bell, who is the CMT sponsor. Nick subsequently reports into the CEO who reports progress to the Independent Improvement Board.</p> <p>The governance arrangements were agreed by Chief Executives of all constituent authorities &amp; signed off by the CA Board members.</p>
<p>Outputs:</p>	<p>The outputs from the workstream are as follows:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Review &amp; agree membership of new committees</li> <li><input type="checkbox"/> Review &amp; agree membership of new thematic groups</li> <li><input type="checkbox"/> Review &amp; agree options for independent political representation in governance structure</li> <li><input type="checkbox"/> Agree Shareholder Committee structure &amp; membership</li> <li><input type="checkbox"/> Expansion of Shareholder Committee to Investment Committee following SAF approval</li> <li><input type="checkbox"/> Develop Member feedback regime - to take place end of Municipal Year</li> <li><input type="checkbox"/> Financial Regulations &amp; delegated approvals agreed &amp; implemented</li> <li><input type="checkbox"/> Procurement Code developed &amp; Procurement Guidance note developed &amp; approved by CA Board</li> <li><input type="checkbox"/> Support the development of the Single Assurance Framework</li> <li><input type="checkbox"/> Forward Plan reviewed &amp; process strengthened</li> <li><input type="checkbox"/> Agree Business Board Membership on the Thematic Committees</li> <li><input type="checkbox"/> Invite new Combined Authority members to the Business Board meetings</li> <li><input type="checkbox"/> Ensure sector specialisms are reflected in Business Board Membership</li> <li><input type="checkbox"/> Amend Terms of Reference to reflect new governance arrangements</li> <li><input type="checkbox"/> Create Forum to manage &amp; deliver the Business Board funded projects</li> <li><input type="checkbox"/> Establish the Economic Development Advisory Group</li> <li><input type="checkbox"/> Agree role of the Business Advisory Panel.</li> <li><input type="checkbox"/> Develop new approach to Overview &amp; Scrutiny - gather evidence from other Combined Authorities to support proposed approach             <ul style="list-style-type: none"> <li><input type="checkbox"/> Review &amp; agree remuneration for members</li> <li><input type="checkbox"/> Review &amp; agree officer support requirements - report to CMT outlining O&amp;S requirements</li> </ul> </li> <li><input type="checkbox"/> Appoint extra independent person to A&amp;G</li> <li><input type="checkbox"/> Develop a revised Access to Information process</li> <li><input type="checkbox"/> English Devolution Accountability Framework (EDAF) - structure checks</li> <li><input type="checkbox"/> Liaise with Centre for Governance &amp; Scrutiny on scrutiny function changes</li> <li><input type="checkbox"/> Audit &amp; Governance internal review, informed by benchmarking with other Combined Authorities</li> </ul>
<p>Progress:</p>	<p><b>Embedding the new Governance &amp; Constitutional Arrangements</b></p> <p>The Committees and Thematic Groups have been established, membership approved and meetings have taken place, there was discussion regarding independent political representation</p>



	<p>on both Overview &amp; Scrutiny and Audit &amp; Governance Committees. Both made the decision that at this point it was not required but they would review this in the future. Embedding the new structures, creating a regime of annual Member feedback and Governance structure review remain outstanding and will move to the Continuous Improvement Workstream in Phase 3</p> <p><b>Develop and strengthen the decision making processes</b></p> <p>The Single Assurance Framework was agreed and signed off at the Combined Authority Board on the 29<sup>th</sup> November 2023 following DLUHC approval. The links to the English Devolution Accountability Framework (EDAF) have been agreed as an exemplar for other authorities to reference. The implementation of the SAF and the expansion of the Shareholder Committee to the new Investment Committee will sit within Continuous Improvement Workstream in Phase 3</p> <p><b>Agree and embed the role of the Business Board &amp; Business Advisory Panel</b></p> <p>The changes to the Business Board were agreed by the Business Board on the 5<sup>th</sup> March 2024, ratification of the changes will be requested at the Combined Authority Board on the 20<sup>th</sup> March 2024. The recent recruitment of the Chair and new members was completed in November 2023, members are now attending committees &amp; panels as the voice of business. The Business Advisory Panel (BAP) continue to meet as an effective group of business leaders and local authority members and the new Economic Development Advisory Panel (EDAP) has been established to support the Combined Authority strategic ambition around good growth and improved GVA.</p> <p><b>Improve internal scrutiny within the CPCA</b></p> <p>The changes to the scrutiny function agreed by the Overview &amp; Scrutiny Committee being considered as best practice for other Combined Authorities, for example a case study has been provided to the Centre for Governance &amp; 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 wider guidance they are developing for effective scrutiny in Combined Authorities and other Combined Authorities are now looking at what we have done with O&amp;S as leading practice.</p>
<p>Phase 3:</p>	<p>The work outstanding from the Governance workstream is moving into Phase 3 and will sit within the Continuous Improvement Workstream, and is proposed to cover:</p> <p><b>A robust and transparent procurement provision within the CA that enables social, financial &amp; operational value Embedding the new governance arrangements</b></p> <ul style="list-style-type: none"> <li>• Develop KPIs to demonstrate social, operational and financial value</li> <li>• Undertake internal audit of procurement phase 2 improvement plan and implement recommendations</li> <li>• Develop procurement hub as a centre of excellence for the Authority and its partners</li> </ul> <p><b>A constitution and governance structure that is tested and reviewed on a regular basis to ensure it remains compliant, fit for purpose and relevant</b></p> <ul style="list-style-type: none"> <li>• Complete review of Terms of Reference and operations for the Business Board</li> <li>• Review existing governance structures in advance of new municipal year (annual review)</li> <li>• Develop calendar for future reviews of the Constitution</li> <li>• Finalise implementation of the improvements for O&amp;S</li> <li>• Implement Investment Committee (linked to SAF development) for new municipal year</li> </ul> <p><b>A robust and transparent process for managing decision making associated with funding arrangements within the CA</b></p>



- Implement main changes from approved SAF by amending existing processes and developing new ones
- Refine and implement proposed project prioritisation processes
- Develop new monitoring and evaluation framework to support SAF
- Train all key personnel (including partners) on new and revised processes
- Develop mechanisms to demonstrate impact of SAF and review its operation annually

**Risk Management that enables the CA to make better decisions, using the agreed risk appetite to reduce negative impacts and is tested and audited**

- Implement recommendations from recent internal audit of risk, including embedding the risk software at directorate level
- Undertake series of deep dives into major strategic risks at A&G Committee
- Develop further ongoing training in risk across the organisation and, where applicable, with partners to ensure full understanding of benefits of risk management and the processes to support this
- Undertake annual review of risk framework and processes

**Performance Management within the CA provides the basis for better decision making & underpins delivery.**

- Develop and refine metrics within existing performance reporting framework, including setting of targets and baseline data
- Where indicators are based on lagging national data sets develop proxy measures/lead indicators to help monitor progress in a more timely manner
- Develop further engagement and training with staff in CPCA and partners to ensure continued understanding of the use of performance metrics to aid decision making
- Annually review the performance management framework and its linked processes to ensure it remains fit for purpose and represents best value.