

## External Audit – Improvement Plan Update

### Introduction


Following the receipt of the External Auditor letter date June 2022 an Improvement programme (phase 1) was agreed by the CA Board in October 2022 to address identified concerns. Initially, to put the building blocks in place for sustained improvement, key short term outcomes to be delivered by January 2023 were set out and governance arrangements agreed and put in place to oversee the stated improvements. The Independent Improvement Board was established with clear terms of reference. On receipt of the Best Value Notice in January 2023 the Improvement programme was refreshed to address the additional concerns identified.



Below, against identified concerns are key elements that have been delivered and reported to relevant committees, CA Board, Independent Improvement Board and DLUHC.

Raised by	Area of Concern	Description	Activity undertaken to address concerns	Evidence
External Auditor June 2022 & Feb 2023	Governance	Weaknesses we have observed in how the extraordinary meeting of the Authority Board (in May 2022) makes informed decisions Significant concerns highlighted by the external auditor, published on 1st June 2022, in relation to the 2021/22 audit year confirming significant weakness in the Authority's governance arrangements that they believe to be pervasive	<ul style="list-style-type: none"> <li>• A new Constitution for the Combined Authority</li> <li>• Revised Officer / Member protocols</li> <li>• Training in place for members of Overview and Scrutiny Committee, Audit and Governance, CA Board</li> <li>• Officer support for the O&amp;S completed</li> <li>• Support guides for new governance structure developed</li> <li>• Process in place for monitoring the new structural arrangements</li> <li>• Reviewed the role of the Business Board and progressed changes</li> <li>• Established the Economic Development Advisory Panel</li> </ul>	<p>Combined Authority Board Terms of Reference/ Key Functions agreed at CA Board March 2023 Constitution agreed at CA Board xxx Officer / Member protocols agreed at CA Board xx Member induction and training programme (see attached) Role of Business Board agreed at CA Board March 2023</p> <p>The outcome of the agreed changes is seen as good practice by the LGA/ Grant Thornton review into CA governance, Centre for Governance &amp; Scrutiny and the Combined Authority Governance Network (CAGN)M10 Assurance Group.</p> <p>The CAs new approach to scrutiny has also been recognised by Centre for Governance and Scrutiny and a case study has been written and shared</p> <p>Internal audit review undertaken identifying 'Reasonable Assurance' attached</p>

External Auditor June 2022 & Feb 2023	Code of Conduct	Lack of progress and conclusion of conduct investigations and employment matters	Code of Conduct investigation completed and recommendations addressed	<i>Documents have been shared with the External Auditor relating to this</i>
External Auditor June 2022 & Feb 2023	Employment Matters	Current vacancies in the Authority's senior management team, particularly at Chief Executive level, and the prospect that this could increase further from July 2022 (EA letter June 2022)	<ul style="list-style-type: none"> <li>All senior leadership team roles are currently filled by either a permanent appointment or temporary highly skilled and experienced individuals providing capacity, stability and leadership to the agendas to be delivered.</li> <li>Directorate plans, appraisals and one to ones now in place and working effectively</li> <li>Staff conferences and survey undertaken on a regular basis</li> </ul>	<p>Senior leadership structure attached</p> <p>A more stable team in place and resources to deliver</p> <p>Continued downward trend in staff turnover - Q1 22/23 10.74% to Q4 22/23 5.05%</p> <p>Improved staffing stability – noting suggested target in a stable organisation is around 80% - Q2 21/22 34.69% to Q4 22/23 57.73%</p> <p>As at the end of December 2023 89% of mid year appraisals had been completed</p>
Best Value Notice January 2023	Project Plans and delivery	Significant delivery concerns in some of the programmes delivered by the Authority Introduce systems and approach to report regularly on progress against plan on all key delivery projects	<ul style="list-style-type: none"> <li>Agreed overarching corporate strategy supported by MTFP and resourcing plan (currently being refreshed)</li> <li>Refreshed Procurement guide and protocols agreed</li> <li>A Single Assurance Framework signed off by three government departments</li> <li>A Risk Management Framework developed in conjunction with RSM to ensure best practice</li> <li>A Performance Management Framework agreed that provides a holistic view of how well the Combined Authority is delivering against its strategic objectives</li> <li>Terms of Reference being completed for Investment Committee and Panel</li> </ul>	<ul style="list-style-type: none"> <li>Refreshed Procurement guide and protocols agreed by CA Board on xx</li> <li>Single Assurance Framework and implementation plan agreed by CA Board in November 2023</li> <li>Risk management Framework agreed by CA Board on xx</li> <li>Performance Management Framework agreed by CA Board on September 2023</li> <li>Internal audit review undertaken identifying 'Reasonable Assurance' attached</li> </ul> <p>The SAF has now been reported back to the M10 Assurance Group as the only current EDAF approved Assurance Framework at an MCA, with M10 colleagues now able to engage with</p>

				CPCA to assist them in enhancing their own Assurance Frameworks.
Best Value Notice January 2023	Partnerships	Concerns around partnership working, which remains an area that requires work	<ul style="list-style-type: none"> <li>• Strong and effective partnership working in place - and recognised</li> <li>• Focus on the future vision, State of the Region and deepening Devolution</li> <li>• Stronger and more collegiate partnership working across the constituent councils and M10 group of MCAs</li> <li>• Strengthened strategic and delivery partnerships at sub-national levels, across the public, private and third sectors, driven and focused on securing economic growth</li> <li>• Corporate Management Team have built a strong relationship with constituent authority leadership teams and role model collegiate behaviours and partnership working across the CA</li> <li>• Led a small number of key strategic initiatives e.g. <ul style="list-style-type: none"> <li>○ Life sciences forum</li> <li>○ Hosted rail summit</li> <li>○ Hosted ground-breaking climate summit</li> </ul> </li> </ul>	Partnership case studies presented to the Independent Improvement Board in November 2023 attached below
Best Value Notice January 2023	Procurement	Undertake an internal/external review of procurement processes and governance in response to concerns	<ul style="list-style-type: none"> <li>• Refreshed Procurement guide and protocols agreed by CA Board</li> <li>• Operating Model for Procurement function has been agreed and implemented</li> <li>• Standardised templates for contracts, service level agreements and grant agreements</li> <li>• Standard terms of engagement across all contract models developed</li> <li>• Training being rolled out</li> </ul>	Procurement guide and protocols agreed by CA Board in July 2023

Best Value Notice January 2023	Culture, Confidence and capacity	CA delivering its best value duty and to deliver lasting change across the organisation, such as in terms of culture and relationships	<ul style="list-style-type: none"> <li>• Values (CIVIL) and behaviours for officers and Members agreed and used in all HR policies. Values (CIVIL) embedded in recruitment, objective setting and appraisals</li> <li>• HR policies agreed through Employment Committee</li> <li>• Downward trend in turnover</li> <li>• Improved stability of workforce</li> <li>• External review of communications, engagement and public affairs with input from stakeholders completed, recommendations beginning to be implemented</li> <li>• Continued engagement with staff through staff conferences, surveys and weekly Teams meeting</li> <li>• Development of ongoing programme of continual improvement for CPCA to be seen as a Best Value organisation</li> <li>• Q1&amp;2 Corporate Performance Report presented to CA Board</li> </ul>	<p>Values agreed by CA Board in January 2023</p> <p>Suite of HR policies agreed by Employment Committee between <b>x and y</b></p>
Best Value Notice January 2023	'commit to regular official level engagement on progress against this Notice ...'	<p>Independent Improvement Board established</p> <p>Bi-monthly meetings scheduled with DLUHC</p>	<ul style="list-style-type: none"> <li>• Independent Improvement Board established and Terms of Reference agreed</li> <li>• Meetings are held on a bi-monthly basis receiving a report from Chief Executive on progress against the agreed Improvement Plan</li> <li>• Reports are shared with DLUHC colleagues and both the Chair, IIB and CA Chief Executive report verbally</li> </ul>	<p>Chair, IIB reports to CA Board on a bi-monthly basis on the level of confidence in the improvement underway and any areas of concern</p> <p>The latest note from the Chair, IIB is set out below</p>
<b>Evidence to demonstrate progress and impact:</b>				
Correspondence between External Auditor and Chief Executive	<div style="text-align: center;">  <p>CPCA EY Letter Response 23 Novemt</p> </div>			

	 External Auditor letter to Gordon Mitcl
IIB Chair report November 2023	 CPCA M Hodgson EY Letter 14 December 2
Partnership case studies	 6. Appendix 2 Partnership Working t