

## Chief Executive's Assessment

### 1. Summary

- 1.1 As a result of its unique economic assets, the Cambridge and Peterborough Combined Authority (CPCA) region is globally important and therefore especially important to the economy of the UK. Put succinctly, it already is a net contributor to the UK exchequer, has good prospects for economic growth and international trade, and has the potential to contribute even more to UK plc. Its R+D and entrepreneurial activity also supports economic activity in other regions of the UK, and thus contributes to the national 'levelling up' aims. Its local academic excellence, economic performance, environment, and traditions are a unique contribution to the reputation of the UK.
- 1.2 The opportunity for the CA is to use this platform to lever greater investment in infrastructure and opportunities for improving prosperity for all its residents is remarkable.
- 1.3 The CA has achieved a considerable amount in the 5 years since it was formed and has much to be proud of. It is however a widely held view that it has considerable scope to be more effective and secure much greater benefit for the region.
- 1.4 As an organisation it has struggled to step up to the scale of the challenge and opportunity and as a relatively new Mayoral Combined Authority (MCA) remains in many ways immature. In the past year the transition to a new Mayor, the changing local political landscape, the shift of government funding to multiple funding pots to deliver national programmes, and the impact of Covid has 'stress tested' the CA. This has revealed weak governance arrangements and culture, a fragmented approach to overall strategy, considerable fragility and rigidity in its management and operating arrangements and insufficiently developed partner relationships. In recent months the top of the organisation has fallen prey to intense internal debate, multiple investigations, public displays of conflict and poor behaviour and political point scoring. This has strongly contributed to a lack of focus on its responsibilities and as a result senior political and management capacity has been significantly diverted from the overriding purpose of the CA.
- 1.5 This cannot continue, and it is a cause for some optimism that there seems to be a near universal view that the CA must move on and forge ways of working to increase effectiveness and work towards the fantastic opportunity that seems to be available. All agree that much more effective working is needed however, the Board need to translate these good intentions into changes in behaviour both individually and collectively. Your staff, the Chief Executives, partners, and regulators need to see a radical shift in behaviour and effectiveness.

## 2. Initiating Change

- 2.1 A key part of achieving change will be the involvement of the chief executives of the constituent authorities working alongside the senior staff of the Combined Authority. This group have already reflected on the lessons to learn and the scale of change required.
- 2.2 Mayoral Combined Authorities now have a track record, and there is a growing body of experience and study on what features are associated with successful devolution within the UK and which are associated with under-performance (LGA, IPPR north, DLUHC)

There are 5 big lessons – perhaps even pre-requisites for success:

1. The development of an overarching strategy for the region – the place – and organising everything behind it.
2. Establishing clarity of purpose – and for an MCA to be clear on where it can add value.
3. The Mayor developing the right behaviours – of collaboration, persuasion, convening and galvanising local voices - and a strong outward facing role, supported by an effective officer organisation.
4. CA board members who are individually sufficiently self-aware and skilled to go beyond local party politics to establish and practice a culture of pragmatism for the benefit of the region.
5. An effective and efficient organisation, which works as part of the local system.

The Cambridgeshire and Peterborough Combined Authority has struggled over its existence and is some way short of having developed these core pre-requisites for success. This report provides much more detail on what has got in the way, and what needs to change, but the CPCA now needs to reset and commit to delivering a step change to make progress on all 5 of these dimensions.

- 2.3 What might be expected if CPCA makes good progress on all 5 dimensions? What will feel different?

- A huge reduction in tension and frustration in board, and in dynamics and focus.
- Members feeling time is spent on worthwhile debate and activity.
- Members and officers believing that the MCA can genuinely expect to secure greater investment and improved reputation.
- Individual board members spend more of their time on informal discussions finding issues of agreement, speaking up for the needs of the region, and its priorities.
- Recognition that the Mayor has secured greater attention from ministers and influential stakeholders for the region's needs.

- An absence of political point scoring in board noticed by all interested parties.
- That staff in CPCA and the local authorities view board members as role models for good behaviour, collaboration and working towards consensus.
- CPCA staff recruitment and retention improves.
- A Devo deal 2 looks possible, even likely.
- Staff expect to work in 'virtual teams' on policy development and programme delivery.
- The CPCA operation has matured, supports the Mayor and board with a feel of 'one CPCA'.

2.4 To start the improvement journey in the right direction there are several urgent and important areas for improvement that should be addressed:

- i. Establish clarity on the scale of political ambition, develop an overarching strategy for the remainder of this mayoral term, and chart the next steps on that journey. This needs to include defining the purpose and role and in particular where the CPCA can add value.
- ii. Implement a comprehensive reset of ways of working and align the policy development and pre-board processes to support this
- iii. Prioritise work to establish a long-term strategy for transport and connectivity, an urgent development of a bus strategy and review the role and functioning of the Business Board
- iv. Undertake a strategic review of income projections, including options, to secure sustainability and the possibility of taking a more strategic approach to the application of funds for identified priorities
- v. Design and implement an organisation for today's performance, and with the agility to act on emerging demands and opportunities
- vi. Map the approach, capacity and arrangements needed to build effective public relations and influencing delivery operation

2.5 The areas of improvement set out above are the focus for the outline Improvement Plan over the next three months as attached as **appendix 2**. It should be noted that the CPCA currently has a poor track record of improvement. Some major foundations of long-term improvement can be achieved rapidly however if members commit to wholeheartedly supporting change.

What might be the return on this commitment?

- Shift to a transitional arrangement of board cycles, adjusted focus, more strategic content
- A draft 'overarching strategy' document
- A draft MTFS which reflects the overarching strategy

- A worked-up transport and connectivity strategy and bus strategy
- Proposals for the next phase of development of the Business Board
- Resolution to the current investigations

And in the operation:

- A senior staffing structure and plan for recruitment
- A period of stability in the workforce
- Improved collaborative processes between CPCA and constituent authority officers

2.6 The hallmarks for this wholehearted commitment from all board members can be described by what is needed from all members of the board.

- Clear support for a step change of this magnitude.
- A personal commitment to reflect on the gap between your own behaviour and the target behaviour for a well-functioning board.
- Commit to a workshop with the aim of agreeing the boards own 'code of behaviour', and a second after 3 months.
- Consent for rapid change to the board arrangements and agendas.
- Support and commitment to engage in new informal discussions – about strategy, CPCA role, including 'learning'.

### 3. Operating Context

#### 3.1 Background Geography

3.1.1 The Cambridgeshire and Peterborough Combined Authority (CPCA) region is covered by the boundaries of 7 local authorities. These are Cambridge City, South Cambridgeshire, East Cambridgeshire, Fenland, Huntingdonshire, Peterborough, and Cambridgeshire County Council. As a place it is large and diverse, spanning 340,000 hectares including cities, market towns, villages, and sparsely populated rural areas.

3.1.2 The authority is strategically located within commuting distance of London, the Midlands and the South-East.

3.1.3 Population growth for the CA has outpaced the average for England. Between the 2011 and 2021 Census England's population grew by 6.56%, while the Combined Authority area grew by 11.1% to 894,300. Both Cambridge and Peterborough were identified in the 2021 census as being in the top ten fastest growing local authority areas for population (Peterborough was also identified as the authority with the second highest increase in under 15s, 23.8%). Growth is uneven however, for example East Cambridgeshire's population only grew by 4.6% between 2011 and 2021. Some parts of the region also experienced significant ageing in the population, for example Fenland's population of over 65s grew by 21% in the last ten years compared to only a 3.4% increase in those aged 15 to 64.

- 3.1.4 The central location gives rise to the CPCA region being included within a range of different geographical policy frameworks including England's Economic Heartland, the Oxford-Cambridge Arc, the Eastern Powerhouse and the A11 and M11 corridors.
- 3.1.5 The region is not described as a single economic area, but 3. The CA commissioned an Independent Economic Review, reporting in 2018 and led by Dame Kate Barker. The report highlighted that the CPCA region contained three functional, but inter-linked, economies, Greater Cambridge, Greater Peterborough, and the rural Fens. This diversity created different challenges for different places, summarised as follows:
- 3.1.6 For Greater Cambridge the challenge was to meet the demands of growth arising from the highly successful high-tech, science and biotechnology business sectors. Balancing the national importance of the area's economy with sustainability issues created by rapid population growth.
- 3.1.7 Peterborough was identified as a thriving, 'heartland' city with capacity for additional growth but also having structural issues of inequality, low productivity, and a significant skills deficit.
- 3.1.8 The challenge for the Fens was to level-up economically. Identified as one of the poorest rural areas in the country, significant improvement was needed to connectivity, including transport. Improvement in skills and health was also identified to support a workforce towards greater productivity in the food processing, manufacturing, and agricultural sectors.
- 3.1.9 The diverse geography and communities, structural inequalities, a historic legacy of infrastructure mismatched to modern needs, rapid growth in population, housing demand and economic growth frame the challenges and approach of the CA in its work.

## **3.2 Devolution**

- 3.2.1 The CA was established in 2017 following a devolution deal (the Deal) being agreed by the constituent authorities with government in 2015. The main plank of the Deal was the commitment to almost double the size of the Cambridgeshire and Peterborough economy (as measured by GVA) over forty years, the Deal also mentioned over forty different projects for the region.
- 3.2.2 A total of ten combined authorities have now been established<sup>2</sup> by UK government with the Cambridgeshire and Peterborough Combined Authority being the second smallest (based on GVA<sup>3</sup>). The CPCA area has an almost unique industrial and geographical structure when compared to the earliest combined authority areas that are based on long standing city regions.
- 3.2.3 Housing affordability and availability for the area was deemed to be chronic, so additional funds were established to improve the supply of affordable housing across the area and in Cambridge City specifically. The expectation was raised that the CA would take a leadership role in public service reform using the

mayor's general ability to act as a convenor for all local agencies. The combined authority was also faced with the additional challenge posed by the failure of the Local Enterprise Partnership (LEP). When the LEP was deemed to be failing, its work was integrated into the Combined Authority (CA) with a Business Board being established to oversee its former activities.

- 3.2.4 CPCA is subject to gateway reviews every 5 years in order to continue to access the gainshare funds for a further 5 years. A review in 2020 was 'passed', with a report of some acknowledged positives and several areas listed for improvement (these are referenced again in the later section on prospects for improvement).
- 3.2.5 The context for Combined Authorities has also shifted within national government policy with the white paper on levelling up. Cambridgeshire and Peterborough have pre-empted this with the establishment of a new sustainable growth ambition statement (strengthening the sustainability aspects of the economic growth mission) and adoption of the six keys (or capitals) as a basis for investment decision making.

## 4. The opportunity

- 4.1 As a result of its unique economic assets, the CPCA region is globally important and therefore very important to the economy of the UK. Put starkly it already is a net contributor to the UK exchequer, has good prospects for economic growth and international trade, and has the potential to contribute even more to UK plc. Its R+D and entrepreneurial activity also supports economic activity in other regions of the UK, and thus contributes to the national 'levelling up' aims. Its local academic excellence, economic performance, environment, and traditions are a unique contribution to the reputation of the UK globally.
- 4.2 At the time of the deal historical growth for the Combined Authority area outstripped the UK (+84.6% between 2001-2016 compared to +72.7%). However, the independent economic review did find that the growth ambition represented a stretch target with continuation of rapid economic growth beyond 2028 being dependent on solving the transport, housing, and sustainability challenges for the area.
- 4.3 At the time of the gateway review in 2020, economic growth had remained strong, employment in the Cambridgeshire and Peterborough region grew by 1.5% pa over 2014-19, compared to a forecast of 0.8% pa. This is the equivalent of 19,000 more jobs in the area by 2019 than was expected in the baseline projection. Similarly, the Cambridgeshire and Peterborough region outperformed both the wider East of England region and the UK, with productivity growing three times faster than the UK.
- 4.4 Current GVA statistics<sup>2</sup> for City Regions reflect the COVID 19 period and a contraction of the economy. Cambridgeshire and Peterborough have maintained the best economic performance though, with the economy only shrinking by -0.5% compared to an average contraction of -2.2% across the M10 group and the nearest economic comparators West Midlands contracting

by -3.2% and West of England by -1.3%.

- 4.5 This profile of economic performance is a fantastic asset, of significant importance to the UK economy and a platform to seek and secure the large-scale public investment in infrastructure that the region needs to continue to be that 'golden goose' for the UK economy
- 4.6 The opportunity for the CA is to use this platform to lever greater investment in infrastructure and opportunities for improving prosperity for all its residents is remarkable.

## 5. The challenge

- 5.1 The central objective of the CA is 'to double GVA by 2040'. The Barker report, the CPIER, identified that this was very challenging and might better be described as a stretch target. The report also suggested that continuation of rapid economic growth beyond 2028 would be dependent on solving the transport, housing, and sustainability challenges for the area. Presumably this implies that considerable further investment in infrastructure and development would be required. Currently it is not clear where investment on the scale necessary might be found.
- 5.2 It is however a widely held view that the CPCA has considerable scope to be more effective and secure much greater benefit for the region.
- 5.3 The CPCA has been focused more on the shorter time horizon, and perhaps that is simply a reflection of an organisation that is relatively young and without the legacy of significant collaboration with partners that characterises the MCAs in Manchester, Liverpool, Sheffield, Leeds, or Birmingham.
- 5.4 As an organisation it has struggled to step up to the scale of the challenge and opportunity and as a relatively new Mayoral Combined Authority MCA remains in many ways immature. In the past year the transition to a new Mayor, the changing local political landscape, the shift of government funding to multiple funding pots to deliver national programmes, and the impact of Covid has 'stress tested' the CA as never before in its short life. This has revealed weak governance arrangements and culture, a fragmented approach to overall strategy, considerable fragility and rigidity in its management and operating arrangements and insufficiently developed partner relationships. In recent months the top of the organisation has fallen prey to intense internal conflict and debate to the detriment of its overall purpose and responsibility. Senior political and management capacity has been significantly diverted from the overriding purpose of the CA.
- 5.5 This cannot continue, and perhaps it is a cause for some optimism that there seems to be a near universal view that the MCA must move on and forge ways of working to increase effectiveness and work towards the fantastic opportunity that seems to be available. All agree that much more effective working is needed and that a key feature to achieving this will be the involvement of the CEOs of the constituent authorities alongside the CA senior staff.

- 5.6 The operation, culture, and structure of the CA is not what it should be, and this is a view shared, and openly expressed, by a wide range of the key players and constituent organisations. There is a palpable sense that the organisation is not in a place where it wants to be, but also a recognition that it has so far failed to secure the wanted improvements through its efforts so far.
- 5.7 Given the scale of the challenge, and opportunity, it might be expected that the CA would have clarified its long-term ambition for the region and how it might approach achieving this stretch target.
- 5.8 It appears there is no over-arching ambition statement or description of how this aim might be achieved.
- 5.9 The CA sometimes describes itself as a relatively young organisation which has yet to mature. Other local stakeholders refer to the organisational development evolution framework of 'forming, storming, norming and performing', and wonder if the organisation has yet matured through stage 2.
- 5.10 The operations cover transport, affordable housing, business support, skills support, spatial planning, zero carbon schemes and some cross-cutting policy work including recently 'tackling climate change'. With these responsibilities alone the CA can make a significant difference to the region, but the potential opportunity is far greater given the rapid level of growth (as described in the context section above).
- 5.11 In any terms the CPCA region is a major asset for the UK economy, in research and development, enterprise, international trade and as a result is positioned as a net contributor of tax to UK plc.
- 5.12 No doubt the fact of the regions value to the UK was one of the considerations in deciding to create the MCA.
- 5.13 This economic reality and position is an incredible platform from which to identify how further investment could support the UK exchequer further.
- 5.14 I am minded of the management adage: 'authority is given, leadership is earned and has to be taken'.
- 5.15 Almost the most important question for the MCA in tackling improvement and the next phase of its journey relates to the conception of leadership and its scale of ambition.



## 6. Barriers to delivery, ambition, and effectiveness

### 6.1 Culture and governance

- 6.1.1 Inevitably there is a legacy of ways of working from the first mayoral term. In that initial phase the organisation appears to have focused on some key programmes, some deliverables but also established a culture of separation between the MCA and its constituent councils. In recent discussions with council leaders and chief executives they refer to the explicit practice of excluding the council chief executives from any systematic role in supporting policy formulation or delivery. Local players now see that as highly undesirable and want this to change.
- 6.1.2 In the 5 years of existence of the MCA it has struggled to find a settled way of working. Over the period it has featured 5 different chief executives each with different management arrangements, and 5 different Monitoring Officers, resulting in a lack of stability at the top of the organisation.
- 6.1.3 Subsequently the first year of the second mayoral term has been beset by a poorly conceived mayoral office and lack of clarity about the role of the Mayor. This has resulted in considerable friction with senior officers, underpinned dysfunctional behaviour in the MCA Board, in public and an MCA which is operating day to day, but with no discernible medium or long-term strategy for its region.
- 6.1.4 The MCA now finds itself embroiled in a series of connected disputes and investigations which stoke distrust, wider dysfunctional dynamics, and create a burden on the capacity of the organisation. An initial investigation reported in February 2022. This led to the dismantling of the office of the Mayor and querying the rules around appointments and reporting lines. Issues arising from the first investigation have resulted in several ongoing investigations related to the Code of Conduct, leaks of confidential information, expenses, and employment claims related to senior staff.
- 6.1.5 Until these investigations and issues are resolved it will be difficult for the MCA to find a route to normal political business. The various processes need to be expedited, and any implications for the functioning of the CA implemented. It is unclear whether the necessary political commitment exists to tackle these issues at proper pace and with due diligence (or whether these processes simply become a further opportunity for dysfunctional behaviour).
- 6.1.6 In this context it is not surprising that the culture of member – officer relations is not ideal. While the effectiveness of working relations varies across individuals, teams and committees further positive development is needed. A part contributor is that some of the informal engagement structures normally in place in local government appear lacking.

### 6.2 The role of the Mayor, the mayoral office, and the MCA

- 6.2.1 These issues are presented together here because they are each inter-related and how well they align determines to a large extent the prospects for success or otherwise of the MCA.
- 6.2.2 The 2017 Order sets out the voting arrangements for the Mayoral Combined Authority and are detailed within the Constitution. They involve different voting arrangements for 'general matters', 'special matters', and defined Mayoral matters. In addition, different 'matters' have specified and varied thresholds, and there are also rules which in effect provide a veto in particular circumstances or issues. These are commonplace in MCAs and it is reported that the original thinking by Whitehall draftsmen was to help drive consensus.
- 6.2.3 The reality is that the rules allow extensive opportunities for the Mayor and any few board members to exercise negative power, i.e., to block, prevent or delay business and if the exercise of these rules is a regular part of the conduct of business it becomes dysfunctional and severely handicaps the ability of the MCA to function.
- 6.2.4 The only rational and mature political response is to pursue consensus.
- 6.2.5 The political reality is that the expectation of government in devolving powers to MCAs is to invite local political leadership to resolve discussion about policy and priorities at a local level through political discussion and present one voice to government to simplify central-local discussions and negotiation. The absence of a clear and single voice fatally undermines the ability to pursue meaningful promotion or negotiations.
- 6.2.6 In recognition of this political and leadership reality some other MCAs have adopted the aim of consensus as a central principle of developing ways of working. The North of Tyne MCA has included this principle in their constitution, and others have designed and implemented policy development and pre-board processes with the aim of ensuring that matters discussed at public board is strongly focused on areas of agreement.
- 6.2.7 The culture of the MCA must change and there is considerable scope for development of informal and pre-board processes. These changes are imperative.

### **6.3 The role of the Mayor**

- 6.3.1 As MCAs mature and develop ways of being effective it has become clear that the power and influence of an elected Mayor arises from effective engagement with constituent authorities, collaboration, negotiation and fostering a consensus with other Board Members and stakeholders to effectively discharge the mayoral functions. As such the elected Mayor as chair of the CA will need to exercise leadership skills to ensure the CA functions effectively.
- 6.3.2 It is the role of the Mayor to drive collective leadership with support from constituent authorities at the Board, in their position as Chair of the Board.

Contrasting views were given on the leadership provided through the Mayor during the Review of Governance, with a majority saying the Mayor could do more, citing that he had not engaged constituent authorities appropriately in major work such as the economic strategy. Equally others referred to the lack of a Mayoral team to support him. Yet others offered the opinion of long-standing cultural approaches within the CA that directed leadership through a top-down approach.

6.3.3 There have been a wide range of views expressed about the role and performance of the past and present mayors of the CA. What is clear is that there is an opportunity to develop this further, indeed an imperative to do so.

6.3.4 It is of note that:

- i. There was no preparation within the CA in advance of the election for the potential of a new Mayor
- ii. The adjustment of the officer support system in the CA was unable to adapt easily to the election of a new mayor
- iii. It is a matter of record that the practical arrangements of the new mayor's office resulted in significant tension and dysfunctionality within the CA

6.3.5 Some of this disruption and tension should have been expected, with the election of a new Mayor of a different party, different priorities and a different personality. It appears the inevitable risk of disruption with the election of a new and different Mayor was not mitigated by appropriate preparation, scenario planning and readiness for induction.

6.3.6 The Review of Governance highlighted the need for clarity on the role of the Mayor, the process for identifying clearly stated priorities of the Mayor, and for incorporating them into the overall strategic framework of the CA. This will require an integrated approach to strategy and policy development moving forward.

6.3.7 Individuals elected to the position of Mayor have the opportunity to shape the role in a variety of ways, perhaps to reflect their view of the needs of the area, or priority issues or personal preferences on issues and style.

6.3.8 In the CA the mayoral role appears to be framed substantially as 'chairman of the board', resulting in the Mayor chairing multiple meetings and a significant time investment overseeing operational decisions and processes. At this time in the life of the term much of the business is reactive and overly parochial.

6.3.9 While directly elected Mayors are a relatively new feature in the political landscape in England, observable practice from the earlier constituted MCAs features a range of practices and developments. In all cases the mayors find that exercising influence within the CA operations requires them to persuade and seek support for proposals if they are to be included in the strategies, business plans and budgets of the CA.

6.3.10 Some Mayors frame the role more explicitly, for example, as figurehead, or spokesperson for the region on key issues, lead campaigner on the issues and needs of the region, using convening power to develop networks, ideas and consensus on key or emerging issues.

6.3.11 In the CA these wider roles appear under-developed and the external role of the Mayor more limited. In the immediate past this may be partly a consequence of the lack of direct support, but also probably reflects the relative isolation from the substantive work of the CA.

6.3.12 There is no 'right' role but developing a clear description of the intended role would assist the organisation to design appropriate capacity and processes to support the Mayor and CA in implementing the target model.

6.3.13 The role of the Mayor can of course change. A new Mayor does not have to fill the same role as a predecessor, nor continue in the mode of his early months.

## **6.4 The Mayoral Office**

6.4.1 Following the last Mayoral election in May 2021, the newly elected mayor established an office.

6.4.2 These arrangements and leadership of the Mayoral Office proved dysfunctional. While the specific personnel issue was resolved, the legacy of working arrangements was challenged by the previous Chief Executive and Monitoring Officer. This led to conflict and prolonged difficulties.

6.4.3 One perspective offered is that the approach to the appointment of a political advisor, related rules in the constitution, and the description of duties and authority over staff were all set very early in the first mayoral term and so it was argued that these arrangements should be continued in the subsequent term by the new Mayor.

6.4.4 The then Chief Executive took the view that these arrangements were inappropriate.

6.4.5 In relation to political appointments the legitimacy is contested. The then Monitoring Officer reached the judgement that such appointments were not permitted under the statutory order under which the CA was established. This view is also the opinion of officials at DLUHC and reflected in a letter from the then Minister to the then Mayor.

6.4.6 What is not disputed is that any such posts are 'politically restricted', i.e., that the individuals cannot be personally politically active. Nor can the mayoral budgets be used to support party political activity.

6.4.7 The attempt to confer authority for a political advisor in the Mayor's office to instruct CA staff through description in the job description is inappropriate and deliberately attempts to undermine the role of the Head of Paid Service and

confuse lines of accountability.

- 6.4.8 These arrangements were inappropriate and need to be changed.
- 6.4.9 The apparent difficulty of retaining externally appointed but highly experienced CEOs, and the significant external view that the MCA has not yet fulfilled its potential as a compelling single voice for the region begins to make sense.
- 6.4.10 Reading and reviewing the documentation concerning the Mayor's office and the options for a revised dedicated staffing complement it is quite striking that these designs feel like establishing a set of functions separate from the work of the CA – but which the CA needs. Indeed, in part they appear to set up alternative roles and resources to those needed by the CA – in strategy, public affairs, and communications.
- 6.4.11 In that light it is not difficult to see why there have been a history of apparently unworkable tensions between newly appointed CEOs, statutory officers and some senior officers and the 'office of the mayor'.
- 6.4.12 The reality is that the route for an individual mayor to promote their priorities is for them to be clearly articulated and for those to be incorporated into the business and financial planning processes and cycles. The CEO and senior management team should normally expect to work to these ends, whatever the political affiliation of a mayor and in the circumstance of change of mayor. Officers should develop and outline strategy and programmes which encompass the stated priorities of the Mayor within the overall plans and work programme of the MCA. The resolution of these issues is of course subject to the normal CA approval processes.
- 6.4.13 The supporting structure and ways of working need to be integrated to achieve Mayor and CA alignment, not designed to be separate, isolated, and positioned as if in opposition.
- 6.4.14 This issue has bedevilled the MCA probably since its inception. Creating clarity of roles and responsibilities and resolving the working approach, working practices and appropriate support arrangements are now a pre-requisite for the CPCA to 'mature' and build a path to greater effectiveness and success.

## **6.5 The governance of the CA**

- 6.5.1 As noted above the overly complicated voting arrangements set out in the Order and Constitution need a mature political process in order for the MCA to be effective. A culture of discussion, trust and debate is also required to avoid the position whereby the use of negative powers referred to earlier or the use of veto powers. The Independent Review of Governance refers to contributing factors that have impacted the ability of Board in making effective decisions. These include the overwhelming burden of business, ineffective delegations and lack of strategic focus. For example, the recent papers to both the Business Board and the CA board feature agendas running to 500 pages.

6.5.2 The Review of Governance also refers to the role of mindset of board members, politics and the balance between time considering different constituent authority needs and matters of regional and strategic significance. This tension is a challenge all Combined Authorities face, but the demonstrably successful Combined Authorities utilise an approach of consensus which involves significant engagement at an early stage on key issues to help drive a more focused agenda that all parties can support in principle – and in public. Those topics where there are significant differences do not make it to Board for decision until an agreed way forward has been established prior to decision-making.

6.5.3 The pre-board processes and space for political and policy discussion are areas where substantial improvements can be made. This will support better strategic conversations and help inform and drive efforts to achieve consensus.

## **6.6 The capacity and capability to provide the organisation with clear and effective strategic direction**

6.6.1 A high performing MCA might feature:

- i. A clear understanding of the respective roles and responsibilities of the Mayor, the board and managers and this is well understood throughout the organisation and provides for stability over time, across changes of key figures and political landscape
- ii. An organisational structure which is designed to be agile and take advantage of new demands or opportunities. This would feature planned capability and capacity to be able to respond to emerging external changes, and agility to deploy resources e.g., to bid for new funding pots
- iii. A clear statement of ambition, a 3-year strategy and overall priorities, and supporting suite of work plans, aligned to a Medium Term Financial Strategy (MTFS) and one year business plan

6.6.2 Since the start of the CA the role of CEO has not been settled, and there have been 5 changes in less than 5 years. Most recently an interim CEO has also been appointed, and in post since 4 July 2022. Further changes at Director level have left the senior officer leadership capacity overstretched.

6.6.3 After 3 different CEO arrangements during the first mayoral term, a new permanent appointment was made at the beginning of the second mayoral term. In July 2021 an experienced CEO was appointed and left by agreement. In the last 6 months an existing Director has been acting up for a short spell, 2 Director roles became vacant and left unfilled and, in very recently another has left the authorities employment. The effective senior management team at the end of June was severely depleted, with one fully operational Director aided by a half time, short term secondment of a Director from Cambridgeshire County Council.

6.6.4 Those senior managers who have been in post over the previous 8-9 months

have also been significantly concerned and distracted by problematic governance issues. In their stead a number of middle managers have had to step up, sometimes into more senior roles. This group of less experienced managers have also faced challenges resulting from often absent senior supervision and the extra challenge of engaging with difficult, complex and sometimes dysfunctional Board level behaviours. To put it bluntly they have kept the operation running in difficult circumstances and perhaps too often been subject to criticism for their efforts.

- 6.6.5 Capacity in the form of a clear and appropriately resourced structure has been lacking in the previous 6 months. Some key senior roles have become vacant, and proposals for a revised senior organisational structure have stalled. A report on staffing presented to the Board at the end of June 2022 suggested that almost 30% of posts were vacant.
- 6.6.6 Notwithstanding the difficulties resulting from a deficit in experienced, focused, senior management capacity the context was made more difficult in the absence of a clear strategy and priorities.
- 6.6.7 It is a common view from senior officers at CPCA and the constituent councils that far too much of the business at committees and Board concerns the parochial interests of single councils rather than applying regional strategy. It may well be however, that in the absence of agreed long term strategy, CA board members default to the more parochial agendas and details of operation.
- 6.6.8 Transport is a case in point. The CA is the strategic transport authority but requires the support of the 2 highways authorities to agree and deliver the overall strategy and priorities. Recent considerations at Board on the use of some funds for transport capital projects, or support for particular bus routes under threat, have resulted in sometimes strong challenge to proposals and promotion of local schemes.
- 6.6.9 What is missing is an overarching CA transport strategy which also outlines all the schemes that are required across the region which can advance and achieve the strategic objectives. With this sort of base of strategy, data and schemes the CA can charge its officers, in association with council officers, to apply available funds (whether from bids, programme underspends, or changes in deliverability) to secure best use of available funds more flexibly to achieve maximum effect for the region. Such an approach supports best progress on achieving the strategy and actively supports agility in the operations to make best use of available funds at any point in time.
- 6.6.10 This type of strategy led approach seems to work better in skills, in housing delivery and in use of the Local Growth Funds.
- 6.6.11 Some progress was attempted by the previous CEO. Workshops identified a statement of overall purpose, and identification of 'Six Keys' as a description of focus and overall priority. These statements exist and are sometimes used in scoring options for financial support, but they do not yet seem to be fully understood by all constituent authorities.

6.6.12 The lack of an overall – a corporate strategy – may in part reflect the legacy of a fragmented approach to maintaining an evidence base, a robust approach to the use of data and the practice of developing separate, even discrete, strategies for various activities across the CA interests.

6.6.13 It has been a common and frequent comment that the activity of the Business Board is separated from the main work of the CA and the agendas insufficiently integrated. It has also been observed by board members and CEOs of the councils that there is less alignment between the various strategies than is desirable. The early years of the CA reflect a form of organisation that is predominately programme/funding stream led rather than strategy led.

6.6.14 There remain major gaps in evidence and a lack of clarity on the overall strategy over the long and medium term This is exacerbated by a lack of cohesiveness in the Board, and a serious lack of senior officer capacity.

## **6.7 The impact of corporate governance on service delivery, the use of resources and on the organisation's ability to deliver best value**

6.7.1 Ideally the following key documents and processes would be in evidence:

- i. A suite of strategic and operational plans, reviewed annually
- ii. A performance management infrastructure which features a 'golden thread' traceable from the 3-year strategy through service plans and teams to individual review and appraisal.
- iii. A performance management framework which features performance reporting, a formal PMO process, a clear risk management and assurance processes

6.7.2 A number of strategies and plans are evident which have been developed to guide work. Developments in the last year include the generation of a Statement of Purpose, adoption of a one-year business plan for 2022-23, a Sustainable Growth Ambition Statement, an Economic Growth Strategy, a Skills Strategy, Climate Action Plan and near completion of a new Local Transport and Connectivity Plan.

6.7.3 A statement of priority considerations, referred to as the 'Six Keys' has also been agreed and is intended to be used to assist with decisions on prioritisation

6.7.4 While these all fulfil a need to guide areas of work, a striking omission is an overall Strategic Plan for the medium term.

6.7.5 In summary while there are a number of important strategy documents some are now dated and it is felt they perhaps contribute to an unhelpful silo approach to work and the key observation is the absence of an overarching Strategic Plan. It may be pragmatic for this to span the mayoral term, but ideally should include some longer-term ambitions where delivery will inevitably straddle a



number of mayoral terms and the changing makeup of the CPCA.

- 6.7.6 In terms of performance management there appears to be an emergent performance reporting process. This data has not been reported in public until very recently but should be. It appears to be in an early stage of development and clearly its purpose is to chart progress and trigger compensatory action if reported action is less than planned.
- 6.7.7 The adoption of a formal project development process which conforms to the Treasury Green Book principle is a good feature. The PMO process is still in development, and there are questions about whether the necessary capacity is in place to serve the breadth and scale of the work of the CA. There is good work upon which to build, but the processes need to be refined and flexed for projects of differing scale.
- 6.7.8 If there was a 'golden thread' approach to performance it has frayed and disappeared. Team and individual target setting, support and review are a necessary part of a robust framework and this needs to be implemented without delay.
- 6.7.9 The Performance and Risk Committee – an internal officer group – was instituted last year. This is a process group which identifies corporate level risks, and sets out mitigating actions, timelines for action and specific responsibilities. This is good practice, but again will benefit from bedding down and becoming a regular feature of management control.
- 6.7.10 CEOs in constituent councils report that they have been substantially unsighted on key areas of performance. They have a role in supporting the board members and ensuring effective working between councils and CA staff. CEOs should be part of the review process as a matter of routine.
- 6.7.11 As expected there are annual workplans for internal and external audit. The work is guided by a combination of issues identified by the auditors and managers. Completed reports are presented to the Audit and Governance Committee if there are recommended actions, but not presented if there are not.

## **6.8 Financial sustainability**

- 6.8.1 The Combined Authority's main source of continuing funding derives from the gainshare agreement over 30 years. Revenue funding is £8m per annum and this is a 'cash flat' allocation for 30 years, it does not increase with inflation. In addition there is an annual capital allocation of £12M per annum.
- 6.8.2 The bulk of funds available to the CA are either from allocated specific funds, or increasingly smaller short-term funds tightly tied to delivering specific priorities from various government departments.
- 6.8.3 Over the last 5 years this amounts to a gross income of c £640M.
- 6.8.4 It can be seen that the CA has been through a period of relatively high resource

and a high level of control in which it had access to substantial devolved capital funding including for example, Local Growth Funds (c. £150m), Transforming Cities Fund (£95m), and Housing Capital (£170m) grants, along with a reserve built-up of capital gainshare from the organisation's first few years. This has allowed the CA to create a large capital programme with a substantial degree of local determinism.

6.8.5 However, the CA is reaching the end of this period; all but one of the grant funds mentioned above have finished, with 22-23 being the final year of Transforming Cities Funding. Alongside this the direction of travel from government has been toward more centralised control of regional funds with new grants received in the last 2 years being allocated to specific projects based on bids, or tightly controlled initiatives, as opposed to allowing local determination. Examples include Skills Bootcamps, Zero Emissions Buses ZEBRA, the Getting Building Fund, Energy Retrofit grants, Active Travel capital grants, ERDF and ESF grants.

6.8.6 By 2025-26 the known funding sources for the CPCA will be:

- i. Gainshare (£8m revenue and £12m capital)
- ii. Adult Education Budget devolved funding (c. £12m revenue)
- iii. The Transport Levy (currently c. £13m revenue)
- iv. Local Transport capital maintenance grants (£27.7m capital – currently passed directly to PCC and CCC for delivery)
- v. LEP grants (core £375k and Growth Hub £246k both revenue)

6.8.7 This represents a reduction from a current one-year budgeted spend of over £250m (excluding Energy Retrofit grant programme) to less than £75m. A degree of success in bidding for additional centralised pots should continue which would sit on top of this baseline position, but there will be a substantial degree of uncertainty. The CA will also need to consider the impact of inflation on its budgets, perhaps in particular the relatively small revenue budget.

6.8.8 In comparison to the other 9 Mayoral Combined Authorities CA has a relatively small financial turnover, perhaps it might be argued, reflecting its geography and population. The funds it is able to apply derive from the long term 'gainshare' fund, sums allocated or 'won' through bidding processes, and some strands of reusable funds secured through short term loans provided through its programmes.

6.8.9 Powers set out in the Order also enable additional funds to be raised through a Mayoral levy and additional precept on business rates. Neither have been utilised by CPCA. Funds could be increased also by achieving greater success in 'winning' competitive funds and by successful lobbying for greater allocations or access to national funds.

6.8.10 CA has missed out on some large distributions of funding from government, for example, very large-scale funding for transport infrastructure was allocated by government only to the largest 'city region' MCAs.

6.8.11 There is some urgency for CA to consider its ambitions and what options it can consider raising funds appropriate to the scale.

## **6.9 Effective engagement with external partners**

6.9.1 The engagement challenge for CPCA is significant and encompasses liaison and joint working with constituent authority partners, significant communications, media and PR activity and a need to develop wider influencing and public affairs activity.

6.9.2 There is a particular challenge to secure engagement with system partners on the development and delivery of their shared ambitions and programmes.

6.9.3 System partners report that this is variable. Anecdotally some areas of the business attract praise for the approach and in others significant criticism. It does appear that there is widespread acknowledgment of the need for improvement in this area and a willingness to pursue new, regular and systematic processes across the range of work. This needs to be crystalised as a strand of work based on consistent good practice and whose engagement and consultation analytics can benchmark success.

6.9.4 It is encouraging to hear references to 'co-production', collaboration and alignment. There is perhaps a bigger opportunity to be explored by all partners. Where the efforts to achieve something closer to co-production practically involves peers, with similar expertise and roles, from multiple organisations coming together, it may be an option to consider establishing say 2 shared roles, working on the integrated agenda, rather than 5 roles in 5 organisations 'spending' considerable time and resource.

6.9.5 The engagement challenge for CA is significant and is rooted in recruitment practice and comprising potential audiences from Central Government to public, private, community social enterprise and not for profit organisational leaders, elected councillors across multiple authorities, and residents.

6.9.6 The communications function is informed by a Communications and Engagement Strategy which has developed over the last two years to provide digitally focused, cross departmental comms that covers key decisions and milestones relating to the business of the Combined Authority and Business Board. It works with case studies and regular communications across different channels to show the difference the Combined Authority makes. This includes regular briefings to all councillors in all constituent authorities and sharing news in the weekly internal newsletter 'Happenings'.

6.9.7 Following the adoption of the Sustainable Growth Ambition the decision making for investments into projects are based on the 'Six Keys' which help develop the priorities of the Combined Authority. An early autumn programme of road

shows has been developed across the region which aims to raise awareness of how the work of the Combined Authority is making a difference to local communities and the drive for sustainable prosperity.

- 6.9.8 There are two important aspects of engagement which are directly connected to the development of its programmes. In reality, priorities need to reflect organisational vision and to be shaped and co-produced/designed by engagement between the CA those in constituent authorities, and relevant stakeholders. The second element is where consultations are governed by statute and play an important part in informing project delivery. Similarly, much of the delivery of programmes and projects is dependent on constituent authorities through regulatory approvals, sometimes application of local authority assets or funds and sometimes in undertaking direct delivery.
- 6.9.9 Practice in this sense of co-production varies across programmes and strands of work. Partners value the approaches in the use and reuse of local growth funds, skills and the housing programme. What is needed is a more consistent consultation and engagement approach based on strategy planning, stakeholder mapping, clear understanding of resource and the latest digital tools that can be used to ensure transparency and openness of process.
- 6.9.10 The area where a change in approach is required relates to transport. The issues, strategic choices and short-term project choices are complex and often politically contested. They also require long term strategy and sustained long term investment where ambition outstrips available funds by some margin.
- 6.9.11 However making the best case for increased investment funds from government will not be achieved by public bickering about individual interests and local schemes. CA's best case for increased investment will be based on a strong clear single voice.
- 6.9.12 The opportunity for the CPCA is to generate a single, more salient and compelling voice for the needs of the region. This is not evident in the CPCA region. This appears to be an undeveloped area and missed opportunity despite calls from central government to speak in one voice.
- 6.9.13 The potential role of the Mayor as the figurehead, and sometime actor, for the regions needs and issues appears very significantly underdeveloped. This is partly due to the lack of development of what the Mayors role should be in communications and influencing. It is everyone's loss for this not to be developed.
- 6.9.14 There is little evidence of systematic public affairs activity, either with the region's MPs, with council leaders, major business leaders or directly with government. It is not even clear whether council leaders promote opportunities for the region through the CPCA, nor whether this happens via significant influential figures in the universities, institutions and in the Business Board. What is missing is a public affairs function that then communicates the funding and political support needed to turn these priorities into a reality.

- 6.9.15 There are many operational contacts between officers of the CPCA and councils with specific government departments about bids and programmes, but apparently little systematic public affairs activity or Mayoral fora, which would be typical of influencing policy within other Mayoral Combined Authorities.
- 6.9.16 There are of course several features which need to underpin this type of approach. The overall strategy needs to be developed, the inevitable local political perspectives need to be resolved out of the public eye, all parties need to get behind the top priorities and present a united front to Whitehall and other key audiences so a compelling and meaningful communications, engagement and public affairs strategy can be delivered.
- 6.9.17 The Mayor and members of the CA are yet to understand the shared leadership role they have to play and speak with one voice for the region. Until they embrace their shared responsibility and develop this role the region may not receive the potential benefits that a high functioning CA might hope for.
- 6.9.18 There is an opportunity to build this capacity and ambition, but the organisation will need to adopt a different political and organisational culture and create capacity to support this work.
- 6.9.19 Amongst the constituent councils there is a widespread view that CPCA has been too inward focused, and not developed a systems approach to many areas of working. In part this reflects the deliberate policy of the previous Mayoral administration to exclude CEOs of the constituent local authorities from playing any role in the governance and engagement structures.

## 7. Prospects for improvement

- 7.1 The CA commenced operations in 2017 as an entirely new venture. With no pre-existing basis in longer term shared services or partnership it was starting from scratch. A gateway review for the CA was conducted in 2020 and provides an assessment of the progress of the organisation.
- 7.2 A number of positive points were noted. They related to the good practice of commissioning the independent economic review (the CPIER), and its value in providing the investment programme with a guiding purpose. The review also noted the changing context featuring strong economic growth, and a significant increase in jobs and productivity.
- 7.3 The review also identified areas for learning and improvement. The main points were:
- i. A need for better budget planning and management of projects – and less variation for subsequent costs and outturn
  - ii. A need to maintain more sustained stability in staffing structures, to support more robust programme management practice

- iii. To recognise the importance of partnership working and delivery through partners
- iv. To develop a more collaborative model of working with senior managers in constituent authorities
- v. Improved transparency
- vi. And work to improve engagement with business including with a view for business to make a difference

7.4 It is remarkable how familiar these points seem in 2022.

7.5 This points to the importance of a fundamental reset and a gear change in operating and management practice and effectiveness.

7.6 Some things have changed that suggest that improvement at this juncture can be more successful. These are:

1. 7.7A stated wish from the Mayor and all CA Board members that the effectiveness and culture of the CA board must change, and improvements secured
2. 7.8A clearly voiced wish from the political leadership of CA, as council leaders, that CEOs of the constituent authorities should be integrated into the planning, preparation and delivery processes.
3. 7.9A clear statement from the CEOs collectively that they will take this responsibility and that this change is manifested in a regular monthly meeting with the CEO of the CA to focus on CA business. This is now a feature of the planned business and engagement
4. 7.10 Within the CA structure and business processes, a formal PMO function has been established, a gateway process for project planning and management instituted, and an officer led Performance and Risk Committee'.
5. 7.11 With regard to business engagement and its role, a review has been commissioned to inform decisions about the future role of the Business Board, its functioning and arrangements. A new Chair was appointed in July and is fully engaged in the review and development

7.12 The CA has indicated that it wishes to draw a line under recent problem issues, and to tackle the improvement agenda. In support of this objective recent arrangements and actions include:

- i. Appointment of an interim CEO with the remit to drive improvement
- ii. Agreement to the process of self-assessment and development of an improvement plan, via a report to the CA board in July

- iii. Adoption of the report produced in response to its commission, the Independent Review of Governance.
- iv. Securing additional senior staff resources through the appointment of 2 experienced interim Directors and agreeing some secondment arrangements with constituent authorities
- v. Appointment of one member of the CA board as a lead member for governance

7.13 While there is a significant improvement agenda, there is evidence of some recent improvement, implementation of organisational arrangements and capacity, and a strongly expressed commitment from all political and management figures to pursue the changes necessary.

7.14 The CPCA has clearly not learned the lessons from other MCAs, including some more recently established. It has been too inwardly focused. It has struggled over its existence and clearly is some way short of the political and managerial practice in the best MCAs. All interested parties want change and for the CPCA to become more effective on behalf of the region. Fundamentally these wishes and good intentions need to be translated into noticeable and visible change to behaviours by the board, both individually and collectively

There are a number of urgent and important areas for improvement. These are:

- vii. Establish clarity on the scale of political ambition, and develop an overarching strategy for the remainder of this mayoral term, to chart the next steps on that journey. This needs to include defining the purpose and role and in particular where the CPCA can add value.
- viii. Implement a comprehensive reset of ways of working and align the policy development and pre-board processes to support this
- ix. Prioritise work to establish a long-term strategy for transport, an urgent development of a bus strategy and review the role and functioning of the Business Board
- x. Undertake a strategic review of income projections, including options, to secure sustainability and the possibility of taking a more strategic approach to the application of funds for identified priorities
- xi. Design and implement an organisation for today's performance, and with the agility to act on emerging demands and opportunities
- xii. Map the approach, capacity and arrangements needed to build an effective public relations and influencing delivery operation

