



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE

Date: Friday, 29 July 2022

Democratic Services

Robert Parkin Dip. LG.
Chief Legal Officer and Monitoring Officer

10:00 AM

72 Market Street
Ely
Cambridgeshire
CB7 4LS

**Huntingdonshire District Council
Civic Suite Room A, Pathfinder House, St Mary's Street,
Huntingdon, PE29 3TN**

AGENDA

Open to Public and Press

1 Apologies for Absence and Declarations of Interest

At this point Members must declare whether they have a disclosable pecuniary interest, or other interest, in any of the items on the agenda, unless it is already entered in the register of members' interests.

2 Chair's Announcements

3 Minutes of the Previous Meeting and Action Log

To approve the minutes of the meeting held on 30 June 2022 and to note the Action Log.

A&G Draft Minutes 300622

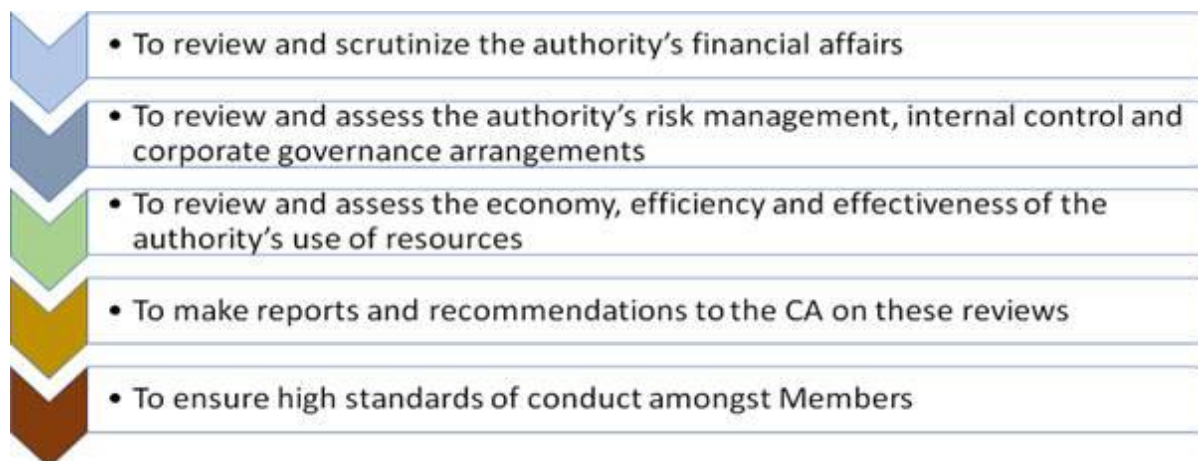
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4	Improvement Framework (inc. Review of Governance)	11 - 94
5	Review of Corporate Risk Register & Risk Management Strategy	95 - 127
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10	CPCA Local Authority Trading Companies Update	207 - 210
11	Work Programming Report	211 - 218
12	Date of next meeting: Friday, 30 September at 10.00 a.m.	

The Audit and Governance Committee comprises the following members:

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

The Audit and Governance Committee Role.



The Combined Authority is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens.

Councillor David Brown

John Pye

Cllr Imtiaz Ali

Councillor Ian Benney

Councillor Stephen Corney

Cllr Geoff Harvey

Cllr Simon Smith

Councillor Graham Wilson

Clerk Name:	Anne Gardiner
Clerk Telephone:	
Clerk Email:	anne.gardiner@cambridgeshirepeterborough-ca.gov.uk



CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY – DRAFT MINUTES

AUDIT AND GOVERNANCE COMMITTEE: MINUTES

Date: 30 June 2022

Time: 10:00

Location: Pathfinder House, Huntingdon

Present:

Mr John Pye	Chairman
Cllr Ian Benney	Fenland District Council
Cllr Simon Smith	Cambridge City Council
Cllr Graham Wilson	Cambridgeshire County Council
Cllr Imtiaz Ali	Peterborough City Council
Cllr David Brown	East Cambridgeshire District Council
Cllr Stephen Corney	Huntingdonshire District Council
Cllr Michael Atkins	South Cambridgeshire District Council

Officers:

Paul Raynes	Interim Chief Executive Officer
Jon Alsop	Chief Finance Officer
Anne Gardiner	Governance Manager
Jodie Townsend	Interim Head of Governance & acting Monitoring Officer
Mark Hodgson	External Auditor (Ernst and Young)
Jacob McGrew	External Auditor (Ernst and Young)
Joanna Morley	Governance Officer

1. Apologies for Absence and Declarations of Interest

- 1.1 Apologies were received from Cllr Harvey who was substituted by Cllr Atkins.
- 1.2 No disclosable interests were declared.

2. Election of Vice Chair

- 2.1 Nominations were sought for the position of Vice-Chair of the Committee. Cllr Smith proposed Cllr Wilson and this was seconded by Cllr Ali. Cllr Benney nominated Cllr Brown

but Cllr Brown withdrew. There were no further nominations and upon being put to the vote the motion was carried.

RESOLVED:

That Cllr Wilson be elected Vice-Chair of the Audit and Governance Committee for the municipal year 2022-23.

3. Chair's Announcements

- 3.1 Councillors Ali, Corney, Harvey (in his absence) and Smith were welcomed as the new members of the Committee.
- 3.2 The Chair announced that he had cleared the agenda for today's meeting to focus on the response to the Ernst and Young (EY) letter. Items that had originally been scheduled would now be deferred to the July meeting which, consequently, would have a much heavier agenda than usual.
- 3.3 The Chair of Overview and Scrutiny had been invited to attend the meeting and listen to the debate as the two committees would have to work in harmony over the next year in overseeing the CPCA's response to the External auditors' letter and DHULC involvement.
- 3.4 The Chair informed the Committee that he had had a very constructive online meeting with the newly appointed interim Chief Executive, Gordon Mitchell, and was reassured that Mr Mitchell had the necessary experience to deal with the issues facing the CPCA.
- 3.5 The Committee's Annual Report had been successfully reported to the Board at their meeting on Monday 27 June.

4. Minutes of the last Meeting and Action Log

- 4.1 The minutes and the action log of the meeting held on 11 March were discussed. Cllr Wilson queried whether the Corporate Risk register which was now scheduled for July should be further delayed in order for the new interim Chief Executive to have time to examine it. The Chair's position was that given the delays already, the normal programme of work should be resumed as soon as possible.
- 4.2 Cllr Wilson would forward the National Audit's guide to 'Audit and Governance Committees and Climate Change' and this would be circulated to Members.

RESOLVED:

- a) That the minutes of the meeting of 11 March 2022 be approved.
- b) That the Actions from the previous meeting be noted.

5. Engagement with Department for Levelling Up, Housing and Communities (DLUHC) on External Auditors' value for money (VFM) risk letter

- 5.1 In his introductory remarks to this report the Chair informed the Committee that earlier in the week he had attended the CA board meeting where the report had also been presented. He had been disappointed by the lack of constructive discussion of the issues and therefore hoped that this meeting would be an opportunity to have an open, free ranging debate which would result in some strategic conclusions that could be fed back to the Board.
- 5.2 Jon Alsop, Head of Finance, then introduced the report which provided the Committee with an update of the CA's engagement with DLUHC following the letter that the external auditors, EY, had written to the Chair of the Audit and Governance Committee, reporting that they had identified a significant weakness in the authorities' governance. The report asked the Committee to consider the external auditors' letter and the issues identified, to consider

any potential further improvement actions and to decide whether to make a recommendation to the Combined Authority.

- 5.3 Mark Hodgson, External Auditor advised the Committee that he had not taken the action to issue the letter lightly but that it had been clear that significant weaknesses were present. The Auditors had not had sufficient time to assess the proposals that the CA had outlined but, although it was clearly moving in the right direction, it was not yet a comprehensive response.

-At 10:24am Cllr Atkins joined the meeting -

- 5.4 In paragraph 2.3 of the report EY made their recommendations. In addressing these Mr Alsop highlighted to Members that although the whistleblowing incident and another code of conduct investigation were ongoing and therefore remained confidential, the organisation, supported by legal advice, was working tirelessly on them to ensure the safeguarding of staff was prioritised. Mr Alsop further advised that the new interim Chief Executive, Gordon Mitchell, would be joining the CA on Monday 3 July and a new interim Monitoring Officer had also been appointed. This would help provide appropriate leadership capacity to deliver objectives and statutory obligations. In addition, the ongoing structure of the organisation was being reviewed and posts would be advertised at Directorate and tier 2 and 3 levels.
- 5.5 Cllr Ali queried whether there was an issue between the audit functions as it was unusual for an audit committee to receive news that it had not been made aware of by the internal auditors. The Chair shared his concern that although the Committee did have good communication with internal audit, and staffing was a risk identified on the register, the Committee should have been better informed about the scale and impact of the staffing shortages.
- 5.6 In response to members' questions on how a comprehensive response to the auditors' concerns had been, or would be formed, Mr Alsop explained how the officer group had gone through each of the auditors' six indicators and given their collective opinion to DHLUC on where they thought the issues lay. The Leaders of the Constituent Councils and the Mayor had also been reviewing this and DHLUC had held several workshops with the constituent authorities to outline what was expected of them.
- 5.7 CPCA as an organisation had been aware of the need to reform as Mr Townsend, interim Head of Governance, had been brought in at the end of 2021 to conduct a review of Governance. The Committee had been consulted on an ongoing basis about this review and the final paper was due to come to Audit and Governance, and go to the Board soon. Additionally, there had been improvements in procedures, such as a new Mayoral decision Notice (MDN) process and the introduction of a Member Officer Protocol which would be discussed at the next item.
- 5.8 The Chair commented that since its inception the CA had lacked stability, both with officers at director and Chief Executive level, but also at Board level where leaders had operated more as a Council rather than as a board of governance.
- 5.9 Members expressed frustration that the organisation had veered away from its central purpose of serving the people and managing funds but acknowledged that the remit had changed, in part, by moving from a role of deciding how to spend money received to one of actively bidding for funds.
- 5.10 The issue of the organisation's culture was also discussed and it was recognised that this would take some time to change. Although the new Interim Chief Executive had expressed his commitment to leading on this issue Members felt that the Mayor and the Board should take collective responsibility and drive change.
- 5.11 Committee members further questioned what the best way forward was to examine the issues outlined by the External Auditors. It was strongly felt that, given the CPCA's identified

weaknesses, that expert, outside input would be required to help put the Authority on a sound footing.

- 5.12 Members felt that in its current form, the proposed Improvement Board was not fit for purpose as its composition was not clear and it did not address the full range of issues identified by the External Auditors. Further work was needed by the CPCA, with advice from the Internal Auditors, to establish clearly what needed to be done to rectify the identified weaknesses.
- 5.13 The Committee also felt that it was incumbent on the new Interim Chief Executive to rapidly expand the Senior Management Team to help with implementation of the actions required to put the CPCA in a proper and sustainable position to discharge its obligations.

RESOLVED:

It was unanimously agreed that the Committee make the following recommendations to the Combined Authority (CA) Board:

1. That the CA Board seek external advice in formulating an action plan to address the significant areas of concern identified by the external auditor.
2. That the CA Board, as a priority, considers its own ways of working. The Committee found it difficult to see how the required changes in culture, governance, leadership and capacity could be identified and delivered without the Combined Authority Board demonstrating collective leadership, acting as a board.
3. That the Interim Chief Executive:
 - i. obtains appropriate external advice, support and facilitation to drive the required culture change at the Combined Authority, recognising the need for a consensus of ownership by the Board
 - ii. reconsiders the terms of reference for the Improvement Panel, which were currently not fit for purpose
 - iii. commits to rapidly building the Senior Management Team capacity of the organisation.
 - iv. attends A&G Committee in July to report on progress.
4. That the CPCA consult the Internal/External Auditors to help develop a baseline of where the CA needs to be in regard to the proposed action plan.

ACTIONS:

1. Given the unusual circumstances, and in addition to the formal reporting by officers, the Chair would write to provide CA Board members with some direct feedback on the A&G's conclusions.
2. That an officer from DHLUC be invited to attend the next meeting of the Committee to give their assessment of the situation and views on the way forward.
3. An item on 'lessons learned' from the External Auditor's intervention be added to the Committee's work plan for consideration in early 2023.

6. Member Officer Protocol

- 6.1 Jodie Townsend, Interim Head of Governance introduced the report outlining the new draft Member Officer Protocol. The Protocol had been based on the North of Tyne document which was recognised as best practice. Further advice on producing the document had been

taken from the Centre for Governance and Scrutiny (CfGS) and four other combined authorities.

6.2 During discussion of the Protocol the following points were noted:

- The Protocol would be reviewed so that it was consistent with the Code of Conduct in the Constitution where there were overlaps.
- Members noted a few minor errors and lack of consistency with references to Cabinet and ward members. Mr Townsend acknowledged these and assured Members that these would be corrected for the final draft.
- It was suggested that an organisation chart would be helpful to identify officers that members should be interacting with.
- Reference was made in the previous item to the importance of safeguarding staff and it was felt that the Protocol was needed to help enable that.
- Mr Townsend was comfortable that the document in its present form could be adopted and would make a significant difference but would recommend an ongoing review process that would look at a better integration with the Code of Conduct.
- An additional document would be developed to specifically deal with social media, giving advice and guidance on posting, what could be shared, and retweeting and libel concerns.

RESOLVED:

The Committee:

- a. Agreed the content for inclusion in a Member Officer Protocol for recommendation to the Combined Authority Board
- b. Requested that the Combined Authority Board consider the Member Officer Protocol at the earliest opportunity, for adoption into the Constitution in support of relevant Codes of Conduct
- c. Asked Officers to develop a social media protocol for Members and Officers at the earliest opportunity.

ACTION:

1. The Committee would review the Member Officer Protocol in six months' time and annually thereafter.

7. Date and Time of Next Meeting

7.1 The Committee would next meet on Friday, 29 July 2022 at 10:00 at Pathfinder House, Huntingdon

Meeting Closed: 11.58pm



Audit and Governance Committee Action Log

Purpose: The action log records actions recorded in the minutes of Audit and Governance Committee meetings and provides an update on officer responses.

Minutes of the meeting 30 June 2022

Minute	Report title	Lead officer	Action	Response	Status
Item 5 Action 1	Engagement with DLUHC on External Auditors' value for money risk letter	Jon Alsop / John Pye, Chair	Given the unusual circumstances, and in addition to the formal reporting by officers, the Chair would write to provide CA Board members with some direct feedback on the A&G's conclusions.	Letter sent 14/07	Closed
Item 5 Action 2	As above	Jon Alsop	That an officer from DHLUC be invited to attend the next meeting of the Committee to give their assessment of the situation and views on the way forward.	Invite extended – awaiting response	Closed
Item 5 Action 2	As above	Jon Alsop/ Anne Gardiner	An item on 'lessons learned' from the External Auditor's intervention be added to the Committee's work plan for consideration in early 2023.	Scheduled for January	Closed
Item 6 Action 1	Member Officer Protocol	Jodie Townsend	The Committee would review the Member Officer Protocol in six months' time and annually thereafter.	Scheduled for January	Closed

Minutes of the meeting 11 March 2022

Minute	Report title	Lead officer	Action	Response	Status
6.9	Internal Audit Progress Report	Rob Parkin	The Monitoring Officer to update the Committee on the progress of the externally commissioned work being carried out on HR Policies	Scheduled for July	Open
11.7	Terms of Reference – Climate Change Working Group	Adrian Cannard /Anne Gardiner	That a further update report be scheduled for six months' time.	Scheduled for December	Closed
12.7	Financial Strategies	Robert Emery / Anne Gardiner	That a development session on Financial Strategies be arranged for the Committee at the beginning of the next municipal year.	Scheduled for September	Closed
14.5	Draft Annual Report	Anne Gardiner	That the Committee reviews its work in six months' time to reflect on its integration with the CPCA.	Scheduled for December	Open

Minutes of the meeting 28th January 2022

Minute	Report title	Lead officer	Action	Response	Status
2.2	Chair's Announcements	Chris Bolton/Anne Gardiner	Committee requested that they receive a further development session on project management which would report on value for money, provide hard numbers and qualitative aspects for the members to consider.	To be arranged prior to December's meeting	Open



**CAMBRIDGESHIRE
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Agenda Item No: 4

IMPROVEMENT FRAMEWORK

To:	Audit & Governance Committee
Meeting Date:	29 July 2022
Public report:	Yes
Lead Member:	Not applicable
From:	Gordon Mitchell – Interim Chief Executive Officer
Key decision:	No
Recommendations:	<p>The Audit & Governance Committee is recommended to:</p> <ul style="list-style-type: none"> a) Note the Improvement Framework report presented to Board on the 27 July 2022 b) Note the response of Board to the Improvement Framework report c) Question the Interim Chief Executive on plans to build immediate capacity in the Senior Management Team and drive culture change d) Receive the review of governance and ways of working and offer observations
Voting arrangements:	A simple majority of all Members present and voting

1. Purpose

- 1.1 The purpose of this paper is to provide an update on the development of an Improvement Plan and associated next steps for the Combined Authority, following consideration of an Improvement Framework report by Board on 27 July 2022.
- 1.2 Further, for the Committee to question the Interim Chief Executive on recommendations made at the previous meeting of the Committee that he:

- ☐ obtains appropriate external advice, support and facilitation to drive the required culture change at the Combined Authority, recognising the need for a consensus of ownership by the Board
- ☐ reconsiders the terms of reference for the Improvement Panel as the Committee's view was that it is currently not fit for purpose
- ☐ commits to rapidly building the Senior Management Team capacity of the organisation and attends A&G Committee in July to report on progress

1.3 The Committee also requested that contact be made with DLUHC to invite them to the 29 July meeting of the Committee to discuss the improvement requirements for the Authority.

2. Background

2.1 The Authority's external auditors wrote to the Chair of the Audit & Governance Committee on 1 June 2022 to notify him of their judgement that a value for money risk exists in the form of significant weakness in Cambridgeshire & Peterborough Combined Authority's governance arrangements.

2.2 The letter and its content were reported to Board at its previous meeting. The external auditor letter identified actions for the Authority to take. It recommended that:

- ☐ ensuring the safeguarding of the Authority's staff was of paramount importance
- ☐ the Authority urgently ensure that it has sufficient appropriate leadership capacity to be able to deliver its objectives and statutory responsibilities
- ☐ more formal intervention is required, and expeditious discussions with the Authority's sponsoring department to this end are time critical

2.3 The Committee subsequently met on the 30 June and questioned the external auditors and Authority officers on proposed next steps in response to the significant concerns identified in the external auditor letter.

2.4 At that meeting a request was made for officers to engage DLUHC and request that they attend the next meeting of the Committee to discuss the required improvement steps that the Authority would need to take. An invitation was sent to DLUHC inviting a representative to attend the Committee meeting.

3. Improvement Framework

3.1 On 27 July Board considered a report from the Interim Chief Executive to seek approval for the Interim Chief Executive's proposals as set out in this report to drive and implement an improvement plan. That report is attached at **Appendix A**.

3.2 The Interim Chief Executive will provide a verbal update to the Committee on the considerations and decisions taken by Board in relation to the report at its meeting.

3.3 The Interim Chief Executive will also provide a verbal response to the recommendations made to him at the Committee meeting held on 30 June as outlined above in paragraph 1.2.

4. Review of Governance and ways of working

- 4.1 The Combined Authority Monitoring Officer, with support from the Executive Team and Combined Authority Board, commissioned an independent review of governance and ways of working to identify key issues and barriers in delivering effective governance, as well as to produce conclusions on current governance matters and identified barriers alongside suggesting recommendations for improvement.
- 4.2 Instruction was provided for the review to specifically seek to engage voting Board Members and Constituent Council Chief Executives when seeking to identify real and perceived barriers to effective governance at the Combined Authority.
- 4.3 This Committee has previously received updates on the review which took place between October 2021 and May 2022 and requested that the completed review be presented to the Committee at the earliest opportunity.
- 4.4 The final report emanating from the review was presented to Board as an appendix to the Improvement Framework report on 27 July 2022, it is attached at **Appendix B**.
- 4.5 As detailed in the Improvement Framework report to Board the Independent review of governance and ways of working will be fed into developing a single improvement plan for the Authority alongside other key evidence and self-assessment exercises.

5. Financial Implications

- 5.1 The financial implications of the activities associated with the development of the Improvement Framework are set out in the paper at Appendix A

6. Legal Implications

- 6.1 The legal implications of the activities associated with the development of the Improvement Framework are set out in the paper at Appendix A.
- 6.2 It is lawful for a public body to have an effective governance framework and that this is reviewed consistently. To continuously improve governance enables the Combined Authority to carry out its objectives in the most effective and efficient way, bringing about better outcomes for people and businesses in Cambridgeshire and Peterborough, thereby meeting its commitments in the Assurance Framework.

7. Public Health Implications

- 7.1 There are no public health implications to this report.

8. Environmental and Climate Change Implications

- 8.1 There are no environmental and climate change implications to this report.

9. Other Significant Implications

- 9.1 There are no other implications to this report, implications are identified in the Improvement Framework report attached at **Appendix A**.

10. Appendices

- 10.1 Appendix A – Improvement Framework report to Board 27 July 2022
[Document.ashx \(cmis.uk.com\)](#)
- 10.2 Appendix B – Review of Governance and ways of working
[Document.ashx \(cmis.uk.com\)](#)

11. Background Papers

- 11.1 External Auditor letter to Chair of Audit & Governance Committee dated 1 June 2022
- 11.2 DLUHC guidance note - Addressing cultural and governance failings in local authorities: lessons from recent interventions.



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Improvement Framework

To: Cambridgeshire and Peterborough Combined Authority Board

Meeting Date: 27 July 2022

Public report: Yes

Lead Member: Mayor Dr Nik Johnson

From: Gordon Mitchell, Interim Chief Executive Officer

Key decision: Yes

Forward Plan ref: KD2022/041

Recommendations: The Combined Authority Board is recommended to:

- A Note the recommendations of the Audit & Governance Committee set out in paragraph 2.7 to 2.12 of this report and provide a response as requested**
- B Delegate authority to the Interim Chief Executive for the recruitment and appointment of additional resources, including interim Chief Officers and interim Statutory Officers (as defined within the constitution) as set out in paragraph 3.5 to 3.15 of this report**
- C Delegate authority to the Interim Chief Executive to finalise the senior management structure of the Authority as set out in paragraph 3.16 to 3.18 of this report**
- D Acknowledge the scope and scale of the intended self-assessment exercise set out in this report and recognition of the scale of the current issues facing the Combined Authority.**
- E Support the self-assessment exercise set out in this report and provide comment on its content, noting the intention to conclude this work and report back to Board at its scheduled meeting on 21 September 2022.**

- F Allocate the use of up to £750,000 from the CPCA Response Fund to enable that money to be utilised on scoping, developing and delivering work relating to CPCA Improvement Activity, and delegate authority to spend to the Interim Chief Executive.**
- G Note the review of governance and ways of working attached at Appendix A.**
- H Request that the Board, and the Chairs of Audit & Governance Committee and the Overview & Scrutiny Committee, receive regular updates on all improvement action**

Voting arrangements: A simple majority of all Members present and voting

1. Purpose

- 1.1 The purpose of the paper is to seek Board approval for the Interim Chief Executive's proposals as set out in this report to drive and implement an improvement plan.

2. Background

External Auditor Letter

- 2.1 The Authority's external auditors wrote to the Chair of the Audit & Governance Committee on 1 June 2022 to notify him of their judgement that a value for money risk exists in the form of significant weakness in Cambridgeshire & Peterborough Combined Authority's governance arrangements.
- 2.2 The letter and its content was reported to Board at its previous meeting. The external auditor letter identified actions for the Authority to take. It recommended that:
 - ☐ ensuring the safeguarding of the Authority's staff was of paramount importance
 - ☐ the Authority urgently ensure that it has sufficient appropriate leadership capacity to be able to deliver its objectives and statutory responsibilities
 - ☐ more formal intervention is required, and expeditious discussions with the Authority's sponsoring department to this end are time critical

Engagement with DLUHC

- 2.3 Officers met with DLUHC officials on 8 June and agreed an approach to taking that engagement forward. DLUHC officials drew officers' attention to the DLUHC guidance note of June 2020 '*Addressing cultural and governance failings in local authorities: lessons from recent interventions*'.
- 2.4 The Authority was asked to provide an assessment of the need for improvement action set against the six criteria identified in the DLUHC guidance, subsequently three assessments were provided to DLUHC that set out the views of:
 - ☐ Mayor
 - ☐ Combined Authority Executive Team
 - ☐ Collective view of Constituent Authority Chief Executives

- 2.5 Further engagement meetings between DLUHC and officers have continued, these discussions have covered seeking peer support, developing a locally-led Improvement Panel and the possible necessity of further intervention.
- 2.6 On 30 June the Authority received a letter from DLUHC officials advising that DLUHC will be taking a precautionary approach to the transfer of funding to CPCA until they have assurance that there are appropriate plans in place to reach a resolution to the series of concerns highlighted by the external auditors in their recent letter to the Chair of the Audit and Governance Committee.

Audit & Governance Committee

- 2.7 The Authority's Audit & Governance Committee deferred upon receipt of the external auditor letter its meeting scheduled in June for several weeks to provide an opportunity for the Authority to engage DLUHC. The Committee met on 30 June and discussed a response to the letter and DLUHC engagement to date, questioning the external auditors further on the significant risk that they had raised.
- 2.8 The Audit & Governance Committee agreed a series of recommendations to the Board for consideration at the 27 July Board meeting, as well as further recommendations to the Interim Chief Executive and a request for further support from both the internal auditors and the external auditors.
- 2.9 The A&G Committee unanimously agreed that:
- a) The Combined Authority Board should seek external advice in formulating an action plan to address the significant areas of concern identified by the external auditor.
 - b) The Board, as a priority, considers its own ways of working. The Committee found it difficult to see how the required changes in culture, governance, leadership and capacity could be identified and delivered without the Combined Authority Board demonstrating collective leadership, acting as a board.
 - c) The initial concept of an Improvement Board as set out did not appear fit for purpose and should be revisited.
- 2.10 The Committee also noted the importance of proceeding in a way that is best for the people of Cambridgeshire and Peterborough.
- 2.11 **Board is asked to note the recommendations set out above by the Audit & Governance Committee and provide a response.**
- 2.12 The Audit & Governance Committee made further recommendations at its meeting on 30 June, they were:
- d) That the Interim Chief Executive:
 - ☐ obtains appropriate external advice, support and facilitation to drive the required culture change at the Combined Authority, recognising the need for a consensus of ownership by the Board
 - ☐ reconsiders the terms of reference for the Improvement Panel as the Committee's view was that it is currently not fit for purpose

- commits to rapidly building the Senior Management Team capacity of the organisation and attends A&G Committee in July to report on progress
- e) That the Internal/External Auditors are consulted and work with the CA to provide a baseline of where CA needs to be in regard to the action plan proposed.

Review of Governance

- 2.13 The Combined Authority Monitoring Officer, with support from the Executive Team and Combined Authority Board, commissioned an independent review of governance and ways of working to identify key issues and barriers in delivering effective governance, as well as to produce conclusions on current governance matters and identified barriers alongside suggesting recommendations for improvement.
- 2.14 Instruction was provided for the review to specifically seek to engage voting Board Members and Constituent Council Chief Executives when seeking to identify real and perceived barriers to effective governance at the Combined Authority.
- 2.15 The review of governance is attached at **Appendix A**.

Impact on Staff

- 2.17 The ongoing matters referred to in the external auditor letter and required governance improvements identified in the review of governance have had an acute impact on staff at the Authority for some time. Concerns regarding the impact on staff have also been reported to previous meetings of the Board and in regular correspondence about the need for confidentiality on employment related matters.
- 2.18 It has been reported to Board Members that their behaviour at board meetings alongside their behaviour on social media and in press statements has led to concerns amongst Authority staff that are impacting morale. Further this behaviour significantly increases employment related risks to the Authority which can be and should be avoided.

3. Improvement - Developing an approach

Responding to External Auditor concerns

- 3.1 The external auditor letter identified 3 areas for the Authority to consider in response to the significant risks that it had identified, they were:
- 1) ensuring the safeguarding of the Authority's staff was of paramount importance
 - 2) the Authority urgently ensure that it has sufficient appropriate leadership capacity to be able to deliver its objectives and statutory responsibilities
 - 3) more formal intervention is required, and expeditious discussions with the Authority's sponsoring department to this end are time critical
- 3.2 A response to these 3 areas has already begun. A Member Officer Protocol has been developed for consideration by the Board on 27 July that seeks to provide further guidance on interaction to protect Officers and set out processes around information requests to support Members. This protocol will strengthen the Authority's Code of Conduct.

- 3.3 Discussions with the Authority's sponsoring department DLUHC have been ongoing since receipt of the external auditor letter and they continue.
- 3.4 The next step in response to the external auditor concerns is to ensure the Authority has sufficient appropriate leadership capacity to be able to deliver its objectives and statutory responsibilities.

Immediate capacity building of the Senior Management Team

- 3.5 The external auditors referenced the current vacancies in the Authority's senior management team and the prospect that this could increase further from July 2022 as a factor in determining their judgement around risk.
- 3.6 In addition the Audit & Governance Committee identified lack of capacity within the senior leadership team as an issue that urgently needed to be addressed at its meeting on 30 June, recommending that the Interim Chief Executive commits to rapidly building the Senior Management Team capacity of the organisation which is seriously depleted.
- 3.7 Step 1 of a response is already complete through the recruitment of an Interim Chief Executive. There is now an urgent need to address the lack of senior capacity as highlighted by the external auditor and the Audit & Governance Committee.
- 3.8 Delivering additional capacity and capability to support the organisation moving forward is a key priority and there is a need to move at significant pace to enable the Interim Chief Executive to make progress and enable the Authority to demonstrate responsiveness. The need for pace requires that we consider current constitutional arrangements and whether they support rapid progress.
- 3.9 The constitution currently requires that a Chief Executive can only appoint staff up to and including deputy Chief Officer level, therefore under current requirements an Employment Committee would need to be convened, conduct the processes and make subsequent recommendations to Board for the appointment of Tier 2 and Statutory Officers.
- 3.10 However this would add significant time to the recruitment process, meaning that realistically appointments could not be confirmed by Board until 31 August at the earliest but more likely late September.
- 3.11 In order to empower the Interim Chief Executive to act at the pace required it is recommended that Board delegate authority to the Interim Chief Executive for a 6 month period which will cover the recruitment and appointment of interim senior resources, including interim Chief Officers and interim Statutory Officers. Soft market testing has identified that there are potential Tier 2 Level Candidates available across a number of the vacancies in our current structure.
- 3.12 To enable the Interim Chief Executive to proceed with both the immediate recruitment and a restructure current Tier 2 job descriptions will be used as a guide only. This will allow candidates with broader transformation and improvement experience (as well as strategic/operational leadership experience) to be considered for recruitment.
- 3.13 **Board is asked to approve delegation of authority to the Interim Chief Executive for the recruitment and appointment of additional resources, including interim Chief Officers and interim Statutory Officers (as defined within the constitution).**

- 3.14 It is proposed that this delegation be put place for six months with progress reporting to be provided to Leaders Strategy Meeting on a monthly basis as far as is practical over the summer period, the process of recruitment would look to adopt the recent assessment centre approach that was undertook to recruit the Interim Chief Executive, this approach was received well and provided a much broader degree of engagement with key stakeholders.
- 3.15 It is proposed that the delegation to the Interim Chief Executive does not include the permanent appointment of Tier 2 officers and/or statutory officers and that once a new structure is determined, the normal Employment Committee process (which will follow a staff consultation on the restructure) will be followed, even if this is within the 6-month period.
- 3.16 Recruitment to permanent Tier 2 posts cannot begin until assessment of the organisational structure has taken place, a review to determine a future organisational structure had already begun via the transformation project but now requires assessment and consideration in the context of the improvement journey by the Interim Chief Executive. This work needs to commence without delay.
- 3.17 In order to empower the Interim Chief Executive to act at the pace required it is recommended that Board delegate authority to the Interim Chief Executive to finalise the senior management structure of the Authority. Once finalised the Authority can commence the recruitment of permanent posts at the Tier 2 level.
- 3.18 Current process requires that Tier 2 (and Statutory officer recruitment) is undertaken by Employment Committee who then make a recommendation to Board. Subject to diary availability following the current process may mean that we do not have recommendations for Board until October. This will significantly impact our ability to make needed progress in delivering additional capability and capacity.
- 3.19 **Board is asked to approve the delegation of authority to the Interim Chief Executive to finalise the senior management structure of the Authority.**

Addressing Governance Concerns

- 3.20 The external auditors identified significant risks with the Authority's governance and DLUHC guidance also highlights organisational governance risk as a key risk area. Furthermore the Independent Review of Governance details issues with the foundations and fundamentals of governance within the Authority's existing framework.
- 3.21 DLUHC have made it clear through engagement with the Interim Chief Executive and representatives from the constituent authority Chief Executives that there is a spectrum of intervention options available to the Secretary of State. This might range from a statutory requirement about the formation and membership of an improvement board, a statutory Best Value Review or the appointment of commissioners.
- 3.22 The spectrum of intervention requires the Authority to seek peer support and develop a locally led Improvement Panel to oversee a local improvement plan before consideration would be given to a DLUHC rapid review and appointed Improvement Panel.

- 3.23 The Authority needs to identify a path forward that will address all drivers for improvement alongside capacity building; this requires an improvement plan and a locally led Improvement Board.
- 3.24 The Medium Term Financial Plan approved in January 2022 includes a Response Fund to allow the Authority to respond to emerging issues and opportunities. Use of this fund requires the approval of the Chief Executive, it also requires Board approval prior to allocation. The purpose of the fund is to allow maximum flexibility and remove silo working from the Authority's ability to respond to emerging issues and opportunities.
- 3.25 The financial cost of response to the identified governance risks and subsequent improvement activity would seem to be an appropriate use of this fund.

Developing the Improvement Plan

- 3.26 A future improvement plan needs to be comprehensive in content and credible in the eyes of external auditors, DLUHC and our stakeholders. Whilst there is information already available that will significantly contribute towards content within a future improvement plan such as the transformation programme - Member social media use - leaks inquiry - previous Board meetings - the Independent Review of Governance and others, there is also a need to undertake a degree of self-assessment to demonstrate awareness of wider issues within the Authority and recognise the need for improvement.
- 3.27 A comprehensive self-assessment exercise may assure both the external auditors and DLUHC that the Authority can present a good degree of self-awareness, which is both overseen and driven by independent and external challenge.
- 3.28 It is proposed therefore that the Authority undertakes, with external assistance, a self-assessment exercise which can translate into the development of a comprehensive Improvement Plan that takes on board all available data and information.
- 3.29 The self-assessment exercise will provide perspective and inevitably draw conclusions set against a framework of 8 key dimensions, typical of a Best Value review. These are as follows:
- 1. the operation, culture and structure of the organisation**
 - 2. the effectiveness of political and organisational leadership**
 - 3. the capacity and/or capability to provide the organisation with clear and effective strategic direction**
 - 4. use of resources and the impact of governance on the organisation's ability to deliver best value**
 - 5. the impact of corporate governance on service delivery**
 - 6. the culture of openness, transparency and trust within and between the officers and members**
 - 7. openness to challenge**

8. effective engagement with external partners

3.30 The exercise will need to be comprehensive and be developed with a significant degree of independent input and challenge. The Authority is already able to benefit from a number of independent perspectives and activities that will inform the future Improvement Plan, such as:

- ☐ an independent review of Governance and Ways of Working (completed June 2022)
- ☐ an independent review of the strategic planning framework and activity – about to commence
- ☐ an independent review of the PMO framework and performance – about to commence
- ☐ the recent appointment of an interim CEO for the Combined Authority
- ☐ an independent review of the Net Zero Hub operation, performance and governance

3.31 Examination of Internal Audit reports will also help inform the Improvement Plan. There is a particular need to feed a review of the Combined Authority's governance arrangements over its subsidiaries into the Improvement plan to consider how it discharges its responsibilities and ensures appropriate control and oversight of its interests, in line with recommended best practice.

3.32 The self-assessment exercise will focus on the additional evaluation required against each of the 8 key dimensions to underpin the Improvement Plan as follows:

Please see over page

Key Dimension	Current sources of evaluation	Current key points identified in initial Interim Chief Executive assessment	Additional evaluation required
1. the operation, culture and structure of the organisation	<ul style="list-style-type: none"> <input type="checkbox"/> CPCA performance data <input type="checkbox"/> Member-Officer Protocol <input type="checkbox"/> Existing staff feedback <input type="checkbox"/> External Auditors <input type="checkbox"/> Existing organisational structure work <input type="checkbox"/> Assessment submissions to DLUHC <input type="checkbox"/> Review of Governance <input type="checkbox"/> Senior Management Team capacity <input type="checkbox"/> Internal Audit Reports 	<p>CPCA operations:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Mixed, featuring very good work and some high profile examples of under-performance (net zero hub) <p>Culture:</p> <ul style="list-style-type: none"> <input type="checkbox"/> at the middle and senior levels some officers appear to be cautious of close and appropriate engagement with politically elected representatives - this needs to be explored further to understand contributing factors fully. Some of the informal engagement structures normally in place in local government appear lacking. <p>Structure:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Proposals for a revised senior organisational structure have stalled, with multiple vacancies at senior level <input type="checkbox"/> The board and committee structure is perceived as requiring review 	<ul style="list-style-type: none"> <input type="checkbox"/> Review of performance and the performance management framework <input type="checkbox"/> Review of PMO performance, framework and practice <input type="checkbox"/> Review of the use of performance and other data <input type="checkbox"/> Review of the capacity and capability of the organisation and partners to drive delivery <input type="checkbox"/> Staff assessment exercise
2. the effectiveness of political and organisational leadership	<ul style="list-style-type: none"> <input type="checkbox"/> External Auditors <input type="checkbox"/> Assessment submissions to DLUHC <input type="checkbox"/> Review of Governance <input type="checkbox"/> Leaks Inquiry <input type="checkbox"/> Board meetings 	<ul style="list-style-type: none"> <input type="checkbox"/> Political and organisational leadership has been dysfunctional over a sustained period, resulting in delayed decisions, leaking of confidential information and inappropriate board behaviour. 	
3. the capacity and/or capability to provide the organisation with clear and effective strategic direction	<ul style="list-style-type: none"> <input type="checkbox"/> Assessment submissions to DLUHC <input type="checkbox"/> Review of Governance <input type="checkbox"/> Sustainable Growth Ambition Statement <input type="checkbox"/> 6 Keys indicators <input type="checkbox"/> Senior Management Team capacity 	<ul style="list-style-type: none"> <input type="checkbox"/> Despite some progress in identifying 6 'keys' as an indicator of focus, there remain major gaps in evidence and a lack of clarity on the overall strategy over the long and medium term <input type="checkbox"/> This is exacerbated by a lack of cohesiveness in the board, and a serious lack of senior officer capacity 	<ul style="list-style-type: none"> <input type="checkbox"/> Evaluation of the use of data and evidence and plans for the longer term development of comprehensive data and evidence <input type="checkbox"/> Evaluation of the strategic planning function

	<input type="checkbox"/> Chief Executive Group		
4. use of resources and the impact of governance on the organisation's ability to deliver best value	<input type="checkbox"/> Annual Business Plan <input type="checkbox"/> Assessment submissions to DLUHC <input type="checkbox"/> Annual Governance Statement	<input type="checkbox"/> A one year business plan was agreed after delay, but the absence of a longer term over-arching strategy has resulted in a fragmented approach to programmes heavily orientated to bid activity. <input type="checkbox"/> Reflection and learning appears to be in an early stage of development, and a corporate programme absent	<input type="checkbox"/> Review of resource planning – to include finance, HR and support service functions
5. the impact of corporate governance on service delivery	<input type="checkbox"/> Review of Governance		<input type="checkbox"/> Internal assessment
6. the culture of openness, transparency and trust within and between the officers and members	<input type="checkbox"/> Assessment submissions to DLUHC <input type="checkbox"/> Board and Executive Team feedback <input type="checkbox"/> Review of Governance <input type="checkbox"/> Whistleblowing Investigation <input type="checkbox"/> Chief Executive Group	<input type="checkbox"/> Trust and respect between some senior officers and elected representatives has broken down. <input type="checkbox"/> A recent whistle-blowing case, and on-going investigation has resulted in concern, frustration and defensiveness in some parts of the organisation	<input type="checkbox"/> Evaluation of existing data and evidence
7. openness to challenge	<input type="checkbox"/> Centre for Governance & Scrutiny 2020 action plan		<input type="checkbox"/> Review of relevant key events and responses
8. effective engagement with external partners	<input type="checkbox"/> Assessment submissions to DLUHC <input type="checkbox"/> Review of Governance <input type="checkbox"/> Chief Executive Group	<input type="checkbox"/> Widespread view that CA 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 CXs of the constituent local authorities from playing any role in the governance and engagement structures.	<input type="checkbox"/> Review of existing scope of engagement and areas of non-engagement – including process and structure

- 3.33 The self-assessment would review current operation and content, how this is working in practice, identify best practice and associated learning, identify objectives to aim for and provide conclusions and recommendations for improvement that can feed into a comprehensive single Improvement Plan for the Authority.
- 3.34 The self-assessment exercise will be analysed to inform the Improvement Plan; this will include consideration of mechanisms and best practice approaches to 'plugging in' to the formal governance arrangements of the Authority.
- 3.35 The self-assessment exercise will be undertaken by the Authority with reference to best practice from the National Audit Office and the Institute of Programme Management. The self-assessment process will be enhanced through the utilisation of external expertise within the public sector that will help us both develop the self-assessment process and subsequently offer external check and challenge on conclusions reached.
- 3.36 Engagement has taken place with DLUHC regarding a self-assessment approach to inform a single comprehensive Improvement Plan, DLUHC have indicated that they are currently content with this approach.
- 3.37 **Board is asked to acknowledge the scope and scale of the intended self-assessment exercise and recognition of the scale of the current issues facing the Combined Authority.**
- 3.38 **Board is asked to support the self-assessment exercise set out in this report and provide comment on its content, noting the intention to conclude this work and report back to Board at its schedule meeting on 21 September 2022.**
- 3.39 The Response Fund identified in 3.20 of this report has been identified as an appropriate budget stream to fund improvement actions, it is proposed that the Response Fund be utilised to cover the costs associated with the necessary self-assessment exercises and the immediate capacity build at senior management level.
- 3.40 **Board is asked to allocate the use of up to £750,000 from the CPCA Response Fund to enable that money to be utilised on scoping, developing and delivering work relating to CPCA Improvement Activity, and delegate authority to spend to the Interim Chief Executive.**
- 3.41 The Interim Chief Executive will provide monthly progress reports to the Leaders Strategy Meeting on spend on improvement activity.

Independent Review of Governance

- 3.42 The review of governance will form part of the baseline of evidence that will input into the Improvement Plan and is an example of independent assessment of governance and the key barriers to making effective decisions at the Authority. It is attached at **Appendix A**.
- 3.43 The review contains multiple recommendations and suggests the creation of an action plan to respond to its wide-ranging conclusions. It is important that there is a single Improvement Plan moving forward for consistency, to ensure comprehensive of response, accountability and appropriate oversight. Therefore, the review of governance and its recommendations will be fed into the Improvement Plan rather than a separate action plan.

- 3.44 There are a number of improvements identified within the review that can be implemented without delay and do not need to wait for the completion of the self-assessment exercises, some of these are practical such as identification of lead business area governance contacts and identification of constituent council officer leads on key business areas of the Authority, others are transformational such as the creation of a safe policy space for Board. ^{Item 4}
- 3.45 The Interim Chief Executive will seek to action these quick wins with an assumption of support from the Board for this twin track activity.
- 3.46 The review focuses its conclusions on 5 significant areas:
- ☐ Governance Foundations and Fundamentals
 - ☐ Governance Culture and Behaviours
 - ☐ Governance as an enabler
 - ☐ The Governance Framework
 - ☐ Governance Processes
- 3.47 The review will be fed into developing a single Improvement Plan and will also be considered at the next meeting of Audit & Governance Committee and a future meeting of Overview & Scrutiny Committee.
- 3.48 **Board is asked to note the review of governance and ways of working attached at Appendix A.**
- 3.49 Board may want to consider its next steps and role in analysing the Independent Review of Governance and its findings in more detail.

Improvement Board

- 3.50 Early discussions identified that an approach that would have the support of DLUHC and which would attract the assistance of the LGA is a locally owned Improvement Board. Given that the events currently in progress at CPCA are generating considerable interest from a range of external stakeholders, this is an important consideration.
- 3.51 Board considered options for a locally led Improvement Board in June and felt that more needed to be done to focus and enhance its proposed remit and recognised the need for work to be done on proposed membership.
- 3.52 The Audit & Governance Committee have also expressed concerns regarding the previous draft terms of reference for the Improvement Board, noting that they did not feel that they were fit for purpose as its composition was not clear and it did not address the full range of issues identified by the External Auditors. Further work was needed by the Authority, with advice from the Internal Auditors, to establish clearly what needed to be done to rectify the identified weaknesses.
- 3.53 Proposals for the locally led Improvement Board and its membership and terms of reference will be brought to the Board for consideration following completion of the self-assessment exercise and development of a draft Improvement Plan. It is anticipated that this will come to the 21 September Board meeting.

4. Additional Improvement Actions

- 4.1 There are a number of ongoing improvement actions that relate to the operation of the formal governance process, employment processes, internal organisational development and other matters that will move the Authority forward and relate to concerns raised by the external auditor and/or the necessary improvement journey.
- 4.2 This refers to alignment of work programmes by Audit & Governance Committee and the Overview & Scrutiny Committee on improvement activity and the demonstration by Board members of appropriate behaviour regarding the functioning of Board meetings.
- 4.3 The intent is to review the existing 'Even Better' transformation programme and reshape and repurpose it in support of the improvement plan.

Ongoing Improvement Action

- 4.4 The Authority has successfully undertaken a recruitment exercise to appoint an Interim Chief Executive to provide immediate leadership and direction.
- 4.5 Audit & Governance Committee have recommended a Member Officer Protocol to the Board for consideration on 27 July for formal adoption into the constitution, this will significantly strengthen the existing Member and Officer code of conducts.
- 4.6 Further work is underway to develop a strengthened Member code of conduct supported by further protocols to specifically address social media use. The intention is to focus on reviewing the code of conduct, Member – Officer protocol and develop a social media protocol for proposal to the Audit & Governance Committee before the end of 2022.

5. Next Steps

- 5.1 The next steps following consideration of this report will be:
 - ☐ Undertaking of self-assessment exercises
 - ☐ Analysis of all data, including the self-assessment exercises and review of governance, to inform a draft Improvement Plan
 - ☐ Draft Improvement Plan presented to Board (anticipated at 21 September 2022 meeting)
 - ☐ Proposals for a locally led Improvement Board, including terms of reference presented to Board (anticipated at 21 September 2022 meeting)

Significant Implications

6. Financial Implications

- 6.1 There is budget provision for all currently vacant tier 2 posts in the CPCA Establishment structure including the Director of Corporate Services and Director of Business and Skills posts. Appointments to Chief Officer and Statutory Officer posts should be made within the existing staffing budget.
- 6.2 Any additional capacity required to scope, develop and deliver CPCA Improvement capacity would be funded from the CPCA Programme Response Fund.

- 6.3 Subject to approval provision of £1.25m has been made in the 2022/23 budget for the Programme Response Fund to allow flexibility to respond to emerging issues and opportunities. The Board is requested to approve the use of £750k of this to support the Improvement Programme. ^{Item 4}

7. Legal Implications

- 7.1 Chapter 4 paragraph 1.12(g) of the Constitution provides that the Board can make decisions related to the appointment of Statutory Officers. In addition, chapter 1 paragraph 15.3 provides for “The functions of the Combined Authority may be undertaken by the Board or delegated to executive committees or Officers.”. Therefore, the Constitution empowers the Board to delegate authority to the Interim Chief Executive as requested in this report.
- 7.2 The Authority has a duty to ensure good governance and to fully respond to and engage with the report of its external auditors. The Authority’s Local Assurance framework confirms that as *“a statutory local authority, the governance, decision-making and financial arrangements are in line with local authority requirements and standard checks and balances. The Combined Authority will act in a manner that is lawful, transparent, evidence based, consistent and proportionate.”*

8. Public Health implications

- 8.1 No Public Health implications are directly identified within this report at this stage.

9. Environmental and Climate Change Implications

- 9.1 No Environmental and Climate Change implications are identified within this report at this stage.

10. Other Significant Implications

- 10.1 The external auditors have highlighted a significant risk that the Authority has insufficient capacity, capability and an inappropriate culture to support the effective governance and operation of the organisation and how it discharges its statutory services. This has led to engagement with DLUHC in order to determine necessary next steps in response. Not responding to the external auditor concerns would represent a significant risk to the Authority.

11. Appendices

- 11.1 Appendix A – Independent review of Governance and ways of working

12. Background Papers

- 12.1 External Auditor letter to Chair of Audit & Governance Committee dated 1 June 2022
- 12.2 DLUHC guidance note ‘Addressing cultural and governance failings in local authorities: lessons from recent interventions’.

Review of Governance and ways of working at Cambridgeshire & Peterborough Combined Authority

2022



CAMBRIDGESHIRE & PETERBOROUGH
COMBINED AUTHORITY

Governance First Limited

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Introduction

The Combined Authority

On 3 March 2017, Cambridgeshire & Peterborough Combined Authority was established as a Mayoral Combined Authority for the Cambridgeshire and Peterborough area. The Combined Authority works with local councils (constituents), the Business Board (Local Enterprise Partnership), local public services, Government departments and agencies, universities and businesses to grow the local and national economy.

It is made up of a directly elected Mayor and the following seven local authorities (referred to as the Constituent Councils) and the Business Board (Local Enterprise Partnership):

- ☐ Cambridge City Council
- ☐ Cambridgeshire County Council
- ☐ East Cambridgeshire District Council
- ☐ Fenland District Council
- ☐ Huntingdonshire District Council
- ☐ Peterborough City Council
- ☐ South Cambridgeshire District Council

Commissioning the review

The Combined Authority Monitoring Officer, with support from the Executive Team and Combined Authority Board, commissioned a review of governance and ways of working to identify key issues and barriers in delivering effective governance, as well as to produce conclusions on current governance matters and identified barriers alongside suggesting recommendations for improvement.

Following the Mayoral election and at the time the appointment of a new Chief Executive, it was felt now was a good time to review the existing governance arrangements in order to identify how to deliver more effective decision-making and ways of working within the Combined Authority.

The need for such a review has been placed into even greater focus following the identification of significant weaknesses in the Combined Authority governance arrangements by the external auditors in their letter to the Chair of the Audit & Governance Committee of the 1st June 2022. Subsequently the Combined Authority Board requested that officers engage officials from the Department of Levelling Up, Housing and Communities (DLUHC) to discuss support and ways forward to deal with the concerns raised by the external auditors.

The review

Instruction was provided for the review to specifically seek to engage voting Board Members and Constituent Council Chief Executives when seeking to identify real and perceived barriers to effective governance at the Combined Authority. Evidence collected through this engagement has been considered alongside a wide range of other evidence through this review, however it is important to consider it in the context that evidence gathered through interview can often reflect perception and/or opinion.

The Combined Authority is operating in a challenging regional political environment alongside increasing national commitment to devolution, as seen in the Levelling Up White Paper. There is therefore a need to ensure that governance is aligned to the Combined Authority strategic priorities which will enable the organisation to move at pace, whilst making informed and considered decisions.

The conclusions and supporting recommendations in this report are based on the evidence collected and are intended to reflect the common themes and opinions across voting Board membership identified during the review process. The review whilst recognising the learning that can be taken from positive Combined Authority behaviours and interventions has sought to focus on areas where improvement is required and/or requested.

The review process was extremely well received by all who participated. Numerous interviews took place with the Mayor and Council Leaders who provided a wealth of opinion, input, data and examples for the review to consider.

The critical focus of the conclusions is around the need to establish solid foundations and fundamentals within the Combined Authority, this is critical to supporting wider ownership of governance, identification of purpose and approach, and creating more trusted, open decision-making.

Recommendations

The conclusions and recommendations within this report have been developed based on the evidence provided and collected through the review, they are made in the context of the current position that the Combined Authority finds itself in both politically and organisationally.

The conclusions and recommendations are based around identification of key areas for improvement.

As a result, they are intended to be considered as a starting point based on this context under the assumption that the Combined Authority will continually review the key themes identified within the report and seek to establish and build upon strong governance foundations.

The expectation would be that the Combined Authority considers the content of the report and develops an action plan setting out its response.

Foundations and Fundamentals

- 1 Combined Authority Board and Executive Team give consideration to the conclusions and issues raised within the Foundations and Fundamentals section of this report and produce an action plan in response.**
- 2 Board and Chief Executives Group should be engaged by the Executive Team in developing a set of values to underpin how the Combined Authority will operate as it seeks to deliver on its purpose. Those values should reflect additionality, subsidiarity, collective leadership and co-production at their core**
- 3 A clear approach to strategic development should be set out by the Combined Authority that details how its longer term vision, midterm strategy and immediate plans will be developed; making it clear what the process is for developing the strategic objectives and integrating the mayoral objectives**
- 4 The Combined Authority future business planning cycle should consider how the governance structure will fit with its approach to strategic planning in order to focus decision-making on the required thematic areas and how it will support development and delivery of mayoral priorities**
- 5 A co-production approach requires the utilisation of Constituent Authority Chief Executives. The Chief Executive Group should be supported by the Combined Authority in developing its role and input into the governance framework, developing specific workstreams for Chief Executives to lead on alongside interaction with the office of the Mayor**
- 6 The Combined Authority should seek to operate as a partnership at member and officer level with a clear framework of engagement through a bottom-up way of working, developing this framework should be a key task for the 'Even Better' Transformation Project**

Culture and Behaviours

- 7 Combined Authority Board and Executive Team give consideration to the conclusions and issues raised within the Culture and Behaviours section of this report and produce an action plan in response**
- 8 The Governance Framework should reflect a more strategic remit for the Combined Authority Board supported by an engaged Pre-Board process based on the values set out in this report**
- 9 The Executive Team, supported by the Chief Executive Group, develop a workstream to help reset and improve Political dynamics and behaviours**
- 10 The Chief Executive Group, enabled by the Combined Authority Chief Executive, develop lead roles for Constituent Chief Executives to build regional consensus on specific Combined Authority policy agendas**
- 11 The Combined Authority Chief Executive considers options within a future operating model to deliver increased collaboration between the Combined Authority and Constituent Authority Officers, examining additional opportunities for joint postings**
- 12 The Combined Authority should implement a development programme to build relationships between Board Members and the Combined Authority Executive Team**

Governance as an Enabler

- 13 Combined Authority Board and Executive Team give consideration to the conclusions and issues raised within the Governance as an enabler section of this report and produce an action plan in response**
- 14 The Combined Authority should seek to ensure employees understand the governance framework and how decisions are taken. This should become a key component for new starter induction and the Governance Team should develop and deliver an annual programme of lunch and learn information sessions alongside training and guidance for officers and partners.**
- 15 Constituent Authorities provide a list of key officers to the Combined Authority on each thematic area (to be detailed by the Combined Authority) so that those officers can be sent relevant papers for relevant Combined Authority Boards and Committees.**
- 16 The Chief Executive, in engagement with Constituent Council Chief Executives, considers how to develop approaches to better engage and inform Constituent Authorities.**
- 17 The principle of 'steering committees' consisting of appropriate Constituent Council lead officers be set up to support formal Combined Authority**

Committees (other than Board and Regulatory Committees) be adopted by the Combined Authority. ^{Item 4}

- 18 The Combined Authority adopt decision-making principles for inclusion within the constitution that sets out the principles by which decisions will be made at the Combined Authority. It is recommended that the decision-making principles set out in this report be the basis of those principles.**
- 19 The Chief Executive engages CPSB Membership to discuss how best the Combined Authority can enable and support it in achieving its objectives.**

Governance Framework

- 20 Combined Authority Board and Executive Team give consideration to the conclusions and issues raised within the Governance Framework section of this report and produce an action plan in response**
- 21 The Combined Authority Board reverts to a bi-monthly cycle with an amended terms of reference designed to place a more strategic focus on its business, noting the conclusions and suggestions made within this report**
- 22 A Pre-Board brief meeting and process be developed and established at the earliest opportunity through the *Even Better* transformation project, noting the conclusions and suggestions made within this report**
- 23 Leaders Strategy Meeting be reenvisioned to take on the role set out under Strategic Growth Forum in section 6.75 to 6.80 of this report**
- 24 The Combined Authority develops an Executive Committee recommendation template (as part of a pack) for inclusion in Board papers, to ease the process of considering Executive Committee recommendations and reduce paperwork**
- 25 The Combined Authority Board considers how it wishes to place more of a focus on delivery of its Economic Strategy and the Sustainable Growth Ambition Statement, either through the Board itself or by creating an Economic Growth Executive Committee with responsibility for the delivery of the Economic Growth Strategy**
- 26 Consideration be given to providing delegations from the Board to relevant Executive Committees for the approval of schemes that have already been budgeted for and approved for development and delivery, empowering those Committees to own delivery of key thematic strategy**
- 27 *Even Better* Transformation Project reviews wider approvals that could be delegated down to Executive Committees**
- 28 The Combined Authority give consideration to creating a Member Friendly report template, specific to the needs and identify of the Combined**

Authority, focused on providing the right information to inform effective decision-making

- 29 The Combined Authority Board considers its voting arrangements in regards to the Business Board representative and wider**
- 30 Consideration be given to the future role of the Business Board, taking into account the Levelling Up White Paper, the future governance framework and the content of this report**
- 31 The Combined Authority Overview & Scrutiny Committee is engaged to identify requirements for reporting in a scrutiny context**
- 32 The Overview & Scrutiny Committee place developing the function and its identity in a Combined Authority context at the centre of its 2022/23 work programme, examining the 4 workstreams identified within this review.**
- 33 The Scrutiny Call-in process as detailed in the Constitution be updated to require justification for a call-in request in line with the principles of decision-making**
- 34 The Combined Authority Board give consideration to amending the thematic focus of its Executive Committees taking into account the conclusions set out in 6.87 to 6.123**
- 35 Support for Audit & Governance Committee be enhanced to ensure clear links exist between the role and information provided to PARC and the Committee**
- 36 The role of Audit & Governance Committee be clarified in regards to performance management and what information it requires to undertake this role**
- 37 The role of the Audit & Governance Committee be enhanced as it applies to the Assurance Framework to ensure that it includes oversight of compliance with the Assurance Framework and best practice development.**
- 38 Audit & Governance Committee be provided with training on its financial management role, key associated skills and how this fits into the Combined Authority context**
- 39 The Combined Authority give consideration to the various options for its governance structure as set out in Appendix E**

Governance Process

- 40 Combined Authority Board and Executive Team give consideration to the conclusions and issues raised within the Governance Process section of this report and produce an action plan in response**

- 42 The Combined Authority Executive Team takes responsibility for ensuring appropriate officer responses to Board and Committee actions** Item 4
- 43 The Forward Plan process trialled since January 2022 be continued to ensure appropriate Political and Senior Officer ownership and oversight**
- 44 The process for Mayoral Decision Notices and Officer Decision Notices set out in Appendix F be adopted**
- 45 Each Combined Authority Business Area designate an officer to act as Governance Lead, acting as the point of contact with Governance Services and Committee Services on Board and Committee requirements**
- 46 The Combined Authority Executive Team considers how to improve organisational culture in regards to meeting governance requirements and delivering good governance behaviours**
- 47 The Combined Authority adopts its approach to minute taking at Board and Committees in line with the conclusions within this report, moving away from verbatim record of meetings to a more focused summarised approach**

1. The Review

- 1.1 Governance First Limited were commissioned to undertake an independent review of the current governance arrangements and ways of working within the Combined Authority at a member level in order to identify barriers to effective decision-making, provide subsequent conclusions and to make recommendations for improvements.
- 1.2 Governance First are a Governance Consultancy Company with a background in local government accountability and governance who have worked with a number of Combined Authorities across the Country, undertaking governance reviews, developing Assurance Frameworks and advising on governance matters and issues.
- 1.3 The review was undertaken between November 2021 and April 2022. The content of the review reflects evidence gathered during this time period.

Terms of Reference

- 1.4 The terms of reference for the review, as agreed and evolved by the Combined Authority Executive Team, were as follows:
 - ☐ Review the formal decision-making and consultative bodies at the Combined Authority
 - ☐ Undertake direct consultation with the Mayor, and Leaders and Chief Executives of Constituent Authorities in order to identify key barriers to delivering effective decision-making
 - ☐ Review and refresh the process of report drafting, preparation and effective engagement within Combined Authority processes
 - ☐ Having specific regard to the views of the Mayor and Constituent Authority Leaders and Chief Executives, make recommendations to the Combined Authority Board that seek to strengthen and improve on the current governance arrangements
- 1.5 Governance of an organisation comprises many elements including politicians, the Board, officers, compliance structures, decision-making, control and risk management frameworks, which interact with the broader organisation to influence performance. A governance review can encompass all the elements of a governance framework and seeks to analyse and interpret current performance against best practice to identify possible improvements. This review was asked to focus on identification of barriers to deliver effective decision-making within the Combined Authority setting, **specifically noting the views of the Mayor and Leaders, plus the Chief Executives of Constituent Authorities.**
- 1.6 The review was not about looking for failings, but more about finding ways to maximise performance of the governance system.
- 1.7 In this report, the term **'governance'** is used often. It refers to the way that the Combined Authority makes decisions and who is involved in making those decisions. The Combined Authority governance arrangements should be appropriate to its business, scale and culture and comply with the required legislation and regulations. The structure should combine efficient decision-making with accountability and transparency.

Methodology

1.8 The review was directed to fulfil its terms of reference and centre its evidence gathering around **Item 4** engagement with politicians on the Combined Authority Board and Constituent Chief Executives in order to identify key barriers to effective decision-making. The methodology employed to inform the review was as follows:

- ☐ Multiple interviews with the Mayor
- ☐ Multiple interviews with Constituent Council Leaders and Chief Executives
- ☐ Engagement with Combined Authority Executive Team (ET) via multiple ET meetings and 1-2-1 discussions with Executive Team members
- ☐ Wider Combined Authority Officer engagement including the 'Even Better' Transformation Project Operations Group
- ☐ Interview with Chair of Business Board and engagement with the Business Board
- ☐ Governance Mapping
- ☐ Workshops with Combined Authority Governance Team and Cambridgeshire County Council Democratic Services Team (have SLA with CA to provide Committee Services)
- ☐ Comparison work with other Mayoral Combined Authorities
- ☐ Interview with Chief Executive of Greater Cambridgeshire Partnership
- ☐ Review of key documentation

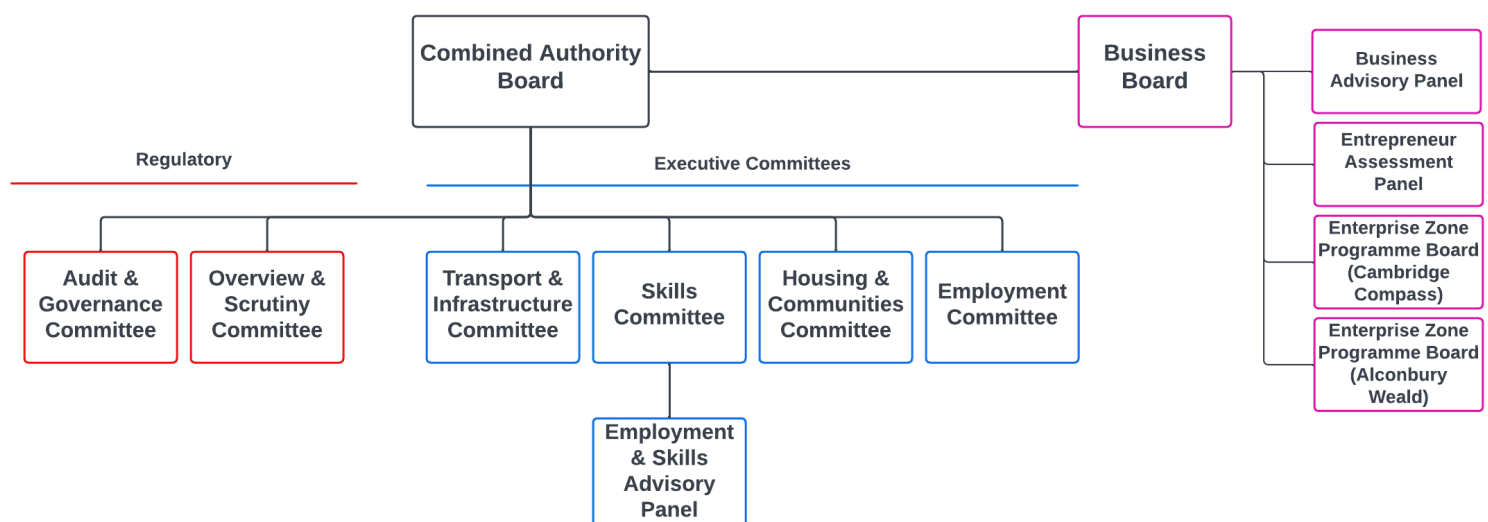
1.9 The key themes for improvement identified throughout the review were subsequently examined and tested with each identified audience above as appropriate.

1.10 In addition to interviews a review of existing documentation was undertaken to support the review, this involved examination of elements of the Combined Authority Constitution, Assurance Framework, Board and Committee terms of reference and Strategic Plan/ Mayoral Manifesto.

1.11 The review was not been tasked with an examination of the Combined Authority's internal systems of control.

Current Structure (Member Level)

1.12 The existing Member Level governance structure at the Combined Authority is as follows :



1.13 The Combined Authority Board is the central decision-maker, it is Chaired by the Mayor and consists of representatives from the seven constituent authorities and the Business Board. It has a number of Executive Committees who make recommendations to the Combined Authority Board on thematic areas

as well as the regulatory committees to drive performance, good governance and accountability - these are the Overview and Scrutiny Committee and Audit and Governance Committee. Item 4

2. Analysis and Conclusions

- 2.1 It became clear very early in the review process that the Mayor, Constituent Leaders and Chief Executives believed the review needed to focus on the foundations and fundamentals of governance, this would then direct analysis around the required governance framework of the Combined Authority. This is reflected in the evidence base and the analysis of that evidence.
- 2.2 Consistent themes relevant to the Combined Authority ability to deliver effective decision-making have been identified and have subsequently formed the structure of this report.
- 2.3 The approach to governance in terms of compliance with regulatory requirements, policies, audit and risk at the Combined Authority on the whole appear to be appropriate, based on the available information and assurances given by relevant officers and others.
- 2.4 The Combined Authority benefits from a dedicated and experienced officer core and its Board membership is clearly passionate about improving the lives of the citizens of the region. Governance in the Combined Authority continues to operate, delivering an exceptionally busy Board schedule with supporting Committees and activity.
- 2.5 Analysis of the evidence has been broken down into the following areas:
 - ☐ Foundations and Fundamentals
 - ☐ Culture and behaviours
 - ☐ Governance as an enabler
 - ☐ The Governance Framework
 - ☐ Governance Processes
- 2.6 Analysis and subsequent conclusions are drawn from the various written and verbal evidence provided.

Foundations and Fundamentals

- 3.1 Support for the Combined Authority project was a consistent theme throughout the evidencing gathering phase of the review. All Politicians and Constituent Chief Executives were keen to promote the **'potential'** of a Combined Authority and the significant value that it could add to the region. Similarly a strong consensus existed amongst Politicians, Constituent Chief Executives and Combined Authority officers that all had to come together to provide **collective leadership** to support the Combined Authority in delivering on the ambition to drive and deliver regional benefits.
- 3.2 What was far less evident from the evidence gathered was a shared understanding of what success looked like for the Combined Authority and what the immediate, medium and longer-term ambitions and objectives were in order to deliver this success. Fundamental to this was the belief that together (Politicians and Senior Officers) the Combined Authority had not established a clear purpose which could be clearly identified and bought in to.

“The Combined Authority has not established a supported and owned purpose with its membership. It lacks the foundations and fundamentals to build upon.”

- 3.3 The interviews in particular revealed consistent themes that interviewees collectively believe are preventing the Combined Authority from reaching its potential. These key themes are all fundamental to the foundations of the Combined Authority, they have been identified as follows:
- ☐ A collective agreed **purpose** of the Combined Authority has not been established
 - ☐ A collective long-term **vision** of the Combined Authority has not been established
 - ☐ It is unclear what the **Strategic Objectives** of the Combined Authority are, it has not established its golden thread
 - ☐ It is unclear where **Mayoral** priorities fit into the objectives of the Combined Authority
- 3.4 It was striking that these themes were identified so consistently throughout the review both at the start and end of evidence collection.

Purpose

- 3.5 Politicians, partners and officers alike expressed a view that the Combined Authority lacked a collectively supported purpose and this was impairing the Combined Authority ability to deliver. In addition the lack of a shared purpose was impacting relationships and clarity around what the Combined Authority was seeking to achieve. There was an overwhelming view that this was impacting how government viewed the region and the regions ability to drive and deliver future devolution.
- “While other CAs are blazing a trail and securing significant powers and resources we are lagging behind, and our voice on the national stage is not really present.”***
- 3.6 Collective leadership is needed across the region, driven by the Combined Authority, to develop a shared purpose. The Combined Authority has started work on an organisational transformational project entitled Even Better which aims to take a system wide look at how the Combined Authority operates and how it can improve with the resources that it has.
- 3.7 The Even Better project has established as its key driver the development of a clear shared purpose of what the Combined Authority exists for and how it will work together with its partners. This key driver has already been achieved and resulted in agreement across the Combined Authority Board membership to the following purpose statement:
- *Cambridgeshire and Peterborough Combined Authority exists to provide the collective leadership needed to improve the lives of our residents. Our mission is to strengthen communities, reduce inequalities and to make Cambridgeshire and Peterborough an even better place where people, businesses and institutions flourish.*
- 3.8 The intent is to galvanise behind this statement and use it to drive improvement by developing a more detailed purpose and future vision, strategic priorities, delivery priorities and a new operating model within the Combined Authority itself.
- 3.9 This approach should be welcomed and represents acceptance and an intent to correct the viewpoint that the Combined Authority lacks a collectively agreed purpose. Accepting feedback provided in the latter part of evidence gathering that the purpose statement is ‘fluffy’ and does not direct behaviours or solid deliverables, it does still represent the beginnings of the collective leadership approach required to move the Combined Authority forward.
- 3.10 Consideration should be given to stating this purpose on key documentation and Board papers to remind Board members of their commitment and drive positive behaviours.
- 3.11 The next step of the Even Better project could be to develop a more detailed purpose and future vision, this work needs to identify detail around what the Combined Authority is seeking to achieve and across what geography, noting that a one size fits all approach will not necessarily benefit the entire

Combined Authority area. The develop of a more longer term vision is required to set out what can be achieved through collective leadership and provide an ambition for the Combined Authority which is not currently evident.

Values

- 3.12 The purpose work to date is missing the establishment of a core set of values that set out the approach the Combined Authority will take to delivering its purpose and how it will operate, this is key to moving forward as a collective and building trust and relationships between the Combined Authority and its Constituent members.
- 3.13 Establishment of these values should be the next step in developing the purpose workstream, providing guidance and commitment on how the Combined Authority will operate moving forward. Establishment of a core set of operational values or principles was discussed during interviews and supported in each discussion.
- 3.14 It is for the Combined Authority Board to agree what these values should be, based on the comments raised during evidence gathering for this review it is suggested that those values reflect the following:
- ☐ **Subsidiarity** - the Combined Authority will perform only those tasks which cannot be performed at a more local level by its Constituent Membership
 - ☐ **Additionality** - the Combined Authority focus will be on delivering additionality to the region, focusing on delivering what Constituent Authorities cannot do individually but what can be done collectively, allowing the region to be more ambitious in what it can achieve through the devolution of power and resources from government
 - ☐ **Co-production** - the Combined Authority will work together, through the Mayor and Constituent Authorities, with partners and stakeholders to deliver collective outcomes
 - ☐ **Collective Leadership** - developing a coherent regional approach to delivering on strategic issues and big ticket items
 - ☐ **Devolution** - Collective commitment to devolution for the region to deliver continued devolution from Government to the Combined Authority, not from Constituent Authorities to the Combined Authority
- 3.15 The above values can shape the Combined Authority approach to how it operates and would be a solid stepping stone in building a foundation through collective leadership. **Additionality** is particularly key to this, it was an overwhelmingly consistent theme through the review. The Combined Authority should exist to deliver above and beyond the role and remit of its Constituent Membership, that means delivery of strategy, policy, partnerships and services that the Constituents cannot deliver themselves, and engaging government to devolve powers and resources to the region for the benefit of the region.
- 3.16 It is vital that all elements - the Mayor, Leaders, Chief Executives of the Constituent Councils and the Combined Authority Executive Team - agree and buy into these values in order to create the conditions required to embed these values and allow them to take effect.
- 3.17 Another consistent key theme was the view that the Combined Authority would benefit from taking a **co-production** approach. This would involve greater collaboration between the Mayor, Constituent Authority political leadership and Chief Executives, Combined Authority Executive Team, officers and partners in order to better utilise existing regional expertise, develop a greater sense of collaboration and purpose and drive collective leadership in finding regional solutions to regional issues.

- 3.18 These values could be developed further and utilised as a driving force for the Even Better project, ^{Item 4} shaping the operating model and practices of the Combined Authority and the approach to developing strategic priorities and future vision. They would also help establish principles of operation to support Combined Authority leadership in delivering its purpose.
- 3.19 A positive initial step would be seeking to formalise engagement between the Combined Authority Chief Officers and Constituent Chief Executives through a standing Chief Executives Group. Such a Group would enable debate on key issues and potentially develop options for co-production, such a group would also be able to develop key workstreams for Chief Executives to lead on for regional benefit.

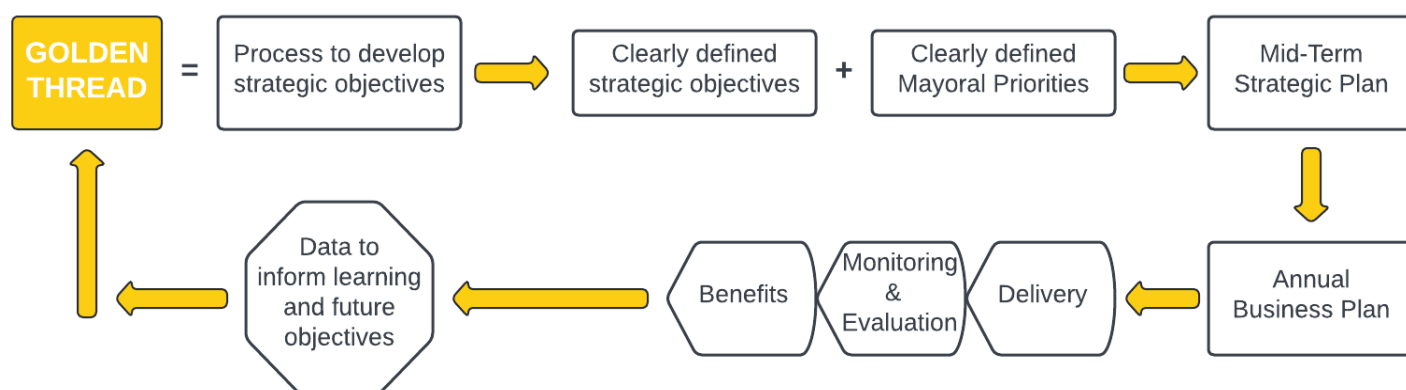
Direction and the Golden Thread

- 3.20 *What are the strategic objectives of the Combined Authority?* There were only two consistent responses to this question from interviewees during this review, they were:
- 1) the doubling of GVA and
 - 2) the strategic objectives lack clarity
- 3.21 The devolution deal sets out the ambition to deliver substantial economic growth (economic output will increase by nearly 100% over the next 25 years. Underpinned by a strong economic and productivity plan GVA will increase from £22bn to over £40bn). This, referred to as doubling of GVA, was accepted as a key purpose and objective of the Combined Authority throughout evidence gathering in both documentation and interviews.
- 3.22 This objective has been developed by the Combined Authority further through the Sustainable Growth Ambition Statement (SGAS), accepted by CA Board on 30 March 2022. This develops the approach to growth through 6 themes which will be reflected through key strategy and policy moving forward. This document represents the closest attempt at defining the strategic objectives of the Combined Authority that I can see relevant to the current Mayoral term.
- 3.23 It is unclear at present how this will now be reflected in any future strategy and devolution deal delivery given the feedback from all voting Board Members to this review. They provided a consistent view that they were not clear on what the immediate, mid and long term objectives of the Combined Authority were and what the process was to develop them. This view was consistently given in interviews, even in interviews that took place after Board endorsement of the SGAS.
- 3.24 It is vital that the Combined Authority establishes what the process is moving forward for the establishment of strategy and policy. This does not mean that there is not an existing approach, rather that the existing approach is not fully understood by Board membership at present.
- 3.25 Engagement with business areas across the Combined Authority reveals that there are clear process for the development of strategy and policy and there is indeed a lot going on in each business area on this front. There does not however appear to be a coordinated or single approach to overall strategy development with business areas working in isolation on such matters. There is a need to drive more integrated strategy development that ensures all thematic areas and associated implications and opportunities are taken into account moving forward.
- 3.26 Any future integrated strategy/ policy development process will need to begin from the SGAS which now must be seen as the 'golden thread' of the Combined Authority.
- 3.27 The Assurance Framework states that the strategic objectives are set out in the Devolution Deal, Sustainable Growth Ambition Statement and evidenced in the Cambridgeshire and Peterborough Independent Economic Review. The Combined Authority needs a clear Strategic Plan reflecting the

above that sets out its objectives over a 3 to 4 year period with a clear supporting annual plan or what it intends to focus on year by year, if it has one this is not currently understood by Politicians on the Board.

- 3.28 Consideration should also be given to how the Combined Authority identifies regional needs to inform its strategic objectives. The Cambridgeshire and Peterborough Independent Economic Review has played a key role in informing the policy agenda but this was done under the previous Mayor, perhaps the next step following agreement of SGAS is for the Combined Authority to undertake or commission further work to identify key regional needs and key regional economic information to both inform its strategic objectives, the development of SGAS and any future devolution debate.
- 3.29 In addition to the operational values discussed above (under values) there is an opportunity to build upon development of the strategic objectives with strategic values. This is similar to approaches around the country that place certain core ambitions at the heart of everything that they are seeking to do, creating in effect 'benefit' values that all actions must seek to deliver.
- 3.30 At Leeds City Council for example they have adopted 'obsessions' to assist them in improving children's services, these are key targets that can be measured and they can be held to account on regarding performance. These measures are carefully selected and are broad to ensure that they can give a good oversight of progress.
- 3.31 The Combined Authority should give consideration to the matters above when seeking to establish its golden thread, which requires the Combined Authority and its partners knowing what its purpose is - how it will identify its objectives - what those objectives are - what the plan is to deliver them. Those objectives should then be at the heart of everything the Combined Authority seeks to develop and deliver.

[Illustration B - Golden Thread Process](#)



- 3.32 The Golden Thread should seek to reflect different regional priorities in a Combined Authority setting. In Cambridgeshire and Peterborough a clear process to establish the golden thread needs to be understood by decision makers and so perhaps should be a key component of the Even Better project.

Mayoral Priorities

- 3.33 The Mayor stated during the review that he did not know what the process was for incorporating Mayoral priorities into the objectives of the Combined Authority, this was also a view provided by some Leaders and key partners. The SGAS refers to the Mayor's 3 C's but now needs to set out measurable outcomes for the 6 themes, this presents the best opportunity for incorporation of mayoral priorities into the Combined Authority strategic direction.
- 3.34 Engagement with other Mayoral Combined Authorities (MCAs) revealed an approach of incorporating Mayoral priorities, supported by the democratic mandate derived from regional election, into the wider

objectives of the Combined Authority. This appears to have taken place to a degree through the SGAS and would appear to be a wiser approach than separating out mayoral priorities from Combined Authority priorities, such an approach would lead to having to resolve how such priorities would be resourced if they had not been adopted by Board as part of the Combined Authority budget.

- 3.35 A lack of clarity over the approach to developing and incorporating mayoral priorities into wider objectives needs to be resolved, there is clear evidence that officers have and do advise the Mayor on key topics to inform a policy agenda yet understanding and expectations between Mayor and officers do not appear to be aligned.
- 3.36 Promotion of an integrated approach to strategy/ policy development would need to incorporate the mayoral policy agenda.
- 3.37 The Combined Authority may benefit from approaches taken at other Combined Authorities where policy officers review each mayoral manifesto prior to elections to prepare how best to enact the policy agenda dependent upon who is elected. It should be noted that officers felt that a clearly established Mayoral manifesto was not in existence for the incumbent and so they were not able to undertake this task for the Mayor for this current term.

Vision

- 3.38 The rejection of the Business Plan 2022/23 at the Combined Authority Board in March 2022 highlighted the difficult voting arrangements which the Combined Authority must work within as set up in the Combined Authority Order. It also identified the perceived lack of engagement with Constituent Authority's in developing the Business Plan and the need for a clear purpose, values and established direction as mentioned above throughout everything that the Combined Authority does.



[Illustration C – Golden Thread Venn Diagram](#)

- 3.39 This must be taken on board when developing a longer term vision for the region that is capable of sustaining short-term politics and provides a platform for future devolution. West Midlands has a 2030 vision, Greater Manchester has a strategy for 2021-2031, these strategies are based on agreed approaches to identifying regional insights and data that make them more capable of withstanding short term politics.
- 3.40 The *Even Better* transformation project has an ambition to develop a regional vision, it should consider doing so utilising agreed values and an agreed approach to identifying key drivers with Board and key stakeholders. It should also seek to first ensure complete clarity exists within the Combined Authority's strategic objective development process. The next step could be to work collaboratively to identify what the region is seeking to achieve and across what geography; and what are the conditions necessary for the Combined Authority to deliver that vision and the challenges that will come with it.
- 3.41 Throughout the review it was clear that if the Combined Authority could get close to a broad consensus on some of these issues it would have a great opportunity to deliver on its agreed purpose. Ensuring consensus on a more narrow agenda may help it operate in a more positive environment, this could

subsequently allow the Combined Authority to then debate and develop a wider agenda that could seek to impact matters such as public service reform, health and Integrated Care Systems for example, where there is no consensus or cohesive approach at present and subsequently no Combined Authority leadership on these matters.

Ongoing Progress

3.42 It is important to reference ongoing progress within the Combined Authority to address some of the matters raised in this section of the report, these include:

- ❑ As stated above a purpose statement has been agreed and endorsed by Board, this represents a key initial first step in seeking to build the required foundations and fundamentals of the Combined Authority that have been identified as requiring improvement.
- ❑ Progress has also been made in establishing a standing Chief Executives Group within the Combined Authority structure and the first meeting has taken place.
- ❑ The *Even Better* project is up and running with clear workstreams including supporting the governance framework and developing informal governance mechanisms.
- ❑ The development and adoption of the Sustainable Growth Ambition Statement represents development of priorities relevant to the current Mayoral term
- ❑ Improvements are being delivered to drive development of policy, the business planning timetable now feeds through each business area which is a significant step

Conclusion Summary

The Combined Authority currently lacks a number of foundations and fundamentals that need to be addressed, the *Even Better* project is welcomed as a positive step towards seeking to provide the Combined Authority with the necessary foundations but it must be driven and delivered in an environment of engagement, consultation and collaboration rather than a top down internal officer exercise.

There is clear evidence that the Combined Authority needs to establish a clear purpose with meaning, setting out deliverables and a clear process for developing strategy and policy that will allow it to realise that purpose. The establishment of a golden thread should be a key objective for the *Even Better* project.

Key to purpose is ensuring mayoral priorities are supported in development and proposed for incorporation into the wider Combined Authority objectives.

The establishment of operating values (or principles) would be a positive attempt to improve consensus, develop collective leadership and build trust and relationships between the Combined Authority and its Constituent members.

A clear purpose and set of values will inform the requirements of the governance framework and help establish clear roles and responsibilities to help facilitate more effective decision-making. This will support development of a more strategically focused Combined Authority Board, addressing the reported disconnect between Mayor and Leaders and strategic development, decisions and direction.

Constituents often referred to the Combined Authority as a separate entity to themselves, whilst noting that the CPCA and each constituent council is a separate authority it is important to recognise and accept that all Leaders and constituent councils are part of the Combined Authority. Acceptance of being part of the problem and solution is vital to providing collective leadership.

A cohesive vision and delivery plan are also critical to informing how the governance framework operates in an integrated and co-ordinated way, ensuring a golden thread exists between objectives and ambitions, and strategy, finance, performance management, accountability and structure.

At present the Combined Authority staffing model is directed towards delivery rather than policy development, as a result external providers are often utilised to develop key strategy and policy which prevents the Combined Authority officers from engaging and developing relationships with key stakeholders in the policy development process.

Accepting that member collaboration is a challenge due to regional political differences, the biggest opportunity for positive change is at an officer level across the Combined Authority and its Constituent Authorities. Combined Authority Staff could seek to work far more closely with Constituent Authorities at director/senior manager/team level to design and deliver policy. This would be a shift in culture at the Combined Authority.

Recommendations

- 1 Combined Authority Board and Executive Team give consideration to the conclusions and issues raised within the Foundations and Fundamentals section of this report and produce an action plan in response.**
- 2 Board and Chief Executives Group should be engaged by the Executive Team in developing a set of values to underpin how the Combined Authority will operate as it seeks to deliver on its purpose. Those values should reflect additionality, subsidiarity, collective leadership and co-production at their core**
- 3 A clear approach to strategic development should be set out by the Combined Authority that details how its longer term vision, midterm strategy and immediate plans will be developed; making it clear what the process is for developing the strategic objectives and integrating the mayoral objectives**
- 4 The Combined Authority future business planning cycle should consider how the governance structure will fit with its approach to strategic planning in order to focus decision-making on the required thematic areas and how it will support development and delivery of mayoral priorities**
- 5 A co-production approach requires the utilisation of Constituent Authority Chief Executives. The Chief Executive Group should be supported by the Combined Authority in developing its role and input into the governance framework, developing specific workstreams for Chief Executives to lead on alongside interaction with the office of the Mayor**
- 6 The Combined Authority should seek to operate as a partnership at member and officer level with a clear framework of engagement through a bottom-up way of working, developing this framework should be a key task for the 'Even Better' Transformation Project.**

Culture and Behaviours

- 4.1 The Combined Authority Board is the decision-maker and face of the Combined Authority, how it operates has a significant influence on how the Combined Authority is viewed and how it operates.
- 4.2 Those who have attended Board Meetings at CPCA will have witnessed debates and discussions that at times stray beyond constructive criticism into confrontational and critical behaviours that do not reflect the required Nolan principles that guide Member conduct.
- 4.3 Equally concerning is the level of procedural challenge made to statutory officers, all of which contributes towards Board meetings that become dominated by local politics, squabbles over process, open disagreement and hostile behaviour alongside a lack strategic focus. This is not to say that there is not reason for challenge over procedural matters but to advise that there is a more positive and clear way of dealing with such matters.
- 4.4 This behaviour was raised with voting Board Members during the course of the review with all accepting that Board behaviour was at present not acceptable and subject to influence from party politics. Additional reasons relating to frustrations were given by Board members for poor behaviour at the Board, such as:
- “There is a lack of respect for what the Combined Authority can and could do which leads to a lack of respect for each other”***
- “Board meetings are terrible experiences, they are too long and not focused”***
- 4.5 Politicians also raised concerns regarding report quality, regular late items amongst a perception that they were not being actively engaged in the preparation process for Board meetings, all of which contributed to a tone of negative debate. There are forums for political involvement in preparation for Board meetings such as Leaders Strategy Meeting where direction can be given regarding required report content to inform decision-making.
- 4.6 Many Combined Authorities have developed a consensus approach to decision-making which often requires key items to be positively discussed and agreed upon without the need for a vote. Such approaches are supported through agreed values and pre/post meeting processes that could be developed further at the Combined Authority.

Board Culture & Behaviour

- 4.7 Whilst not an excuse for poor behaviour there does appear to be cultural issues that are impacting or driving some of these behaviours such as the operation and content of Board meetings themselves. This refers to the process approach and also the mindset of the Combined Authority when it comes to Board meetings.

Board Cycle

- 4.8 The Combined Authority Board has been meeting almost monthly for some time, this means there is a constant cycle of preparation and attendance for these meetings which is a drain on time for already busy Politicians. Additionally the Pre-Board meeting process does not seem to engage Board membership as happens at other Combined Authorities such as in the North of Tyne or West Midlands. These Combined Authorities engage Board membership in upcoming agenda items and seek guidance on report drafting and required content to assist with decision-making.
- 4.9 A monthly Leaders Strategy Meeting (LSM) takes place which is attended by the Mayor and Leaders to attempt to engage them in the process of ensuring agenda awareness and providing guidance on report content, however this meeting is not specifically focused on pre-Board requirements as it also

seeks to cover wider political and policy topics. Leaders reported that LSM does not generally engage membership early enough to impact report drafting and content.

- 4.10 Board Members do not direct ownership of the Forward Plan at present which appears to be driven by Combined Authority Officers. Board Members should be challenging the content as should the Combined Authority Executive Team in order to ensure items going to Board are appropriate and that there is genuine strategic fit and reasoning for those items being added to the Forward Plan. This challenge process can also provide an opportunity for Board membership to set out what information they may need in order to make a decision.
- 4.11 The Forward Plan is a standing item at Board meetings, this tends to be at the end of the agenda and is often considered at haste as a result. It also informally comes to LSM but appears to be considered as an information item to note rather than to own and challenge. Internally the Forward Plan now comes to the Executive Team for review, this is key to ensuring effective officer challenge to items being added.
- 4.12 Then there is the issue of reports themselves, this will be addressed in the governance framework and process section of this report. However, key to reporting issues is the length of reports and also the content. A majority of Board Members stated that they felt they were not given the required information to make an effective decision on items being considered by the Board in regards to background papers and detail on strategic fit. The Bus Service Improvement Plan was highlighted as an example by several Leaders.
- 4.13 A good governance framework will usually help manage and mitigate these challenges through transparent, streamlined, integrated and robust meeting preparation, planning and subsequent decision-making. Currently there are some aspects of the governance framework, covered in the report, which are not working effectively and therefore contributing to the problem. The Pre-Board process is one of these.
- 4.14 The Board currently deals with a considerable amount of business due to the lack of delegated authority it has handed to other Committees within the governance framework. Board Members are often required as a result to discuss non-strategic items on a regular basis. All voting Board Members during interviews stated they supported delegation to appropriate committees in order to support a strategic focus at the Board.
- 4.15 The remit of Board will be addressed further in the governance framework section of this report.

Lack of consensus

- 4.16 I have attended and viewed several Board meetings during the course of this review to see first-hand how they have operated, the key takeaway from these meetings other than the burden of business and individual behaviours is the very visible lack of consensus amongst its membership.
- 4.17 The existing engagement and preparation process for Board meetings and the issues raised under Foundations and Fundamentals are clear contributing factors to this, as of course is party politics. It is not difficult to identify political factions at Board meetings, this alongside open disagreement and challenge are further indicators of the lack of consensus that exists amongst Board membership.
- 4.18 Some Combined Authorities like the North of Tyne refer to a consensus approach within their constitution and the voting arrangements created at Combined Authorities through their Orders set up the need for regional consensus in order to effectively operate. The political balance within Cambridgeshire and Peterborough is more challenging than in North of Tyne or Greater Manchester and this should be noted, however West Midlands Combined Authority has similar political challenges. It deliberately seeks to ensure its Board operates through consensus which it develops and confirms in

the policy development and pre-board process. As a result Board meetings in the West Midlands on the whole have less visible divisions.

- 4.19 Introducing opportunities for engagement and input into reports, early briefings on upcoming items alongside ownership of the Forward Plan, and a clear supported agenda (with items where consensus has not been reached not taken to Board) can help create a culture of consensus. Further interaction between officers and the sharing of responsibility for reaching consensus can strengthen this approach further.
- 4.20 As Chair of the Board the Mayor plays a key role in seeking consensus amongst Board membership. Engagement with other Combined Authorities revealed consistent relationship processes such as 'check ins' between the Mayor and individual Leaders and away days to focus on debating and developing key items. It is important the Mayor is supported in seeking to develop relationships by the Combined Authority Executive Team, similarly that the Mayor takes responsibility for engaging Leaders and that Leaders are receptive to such efforts.

Mindset and Politics

- 4.21 Officers engaged during the review referred to two key frustrations in engaging Politicians across the region, that being mindset and politics. Mindset refers to the challenge of getting Politicians and Constituent Authorities to take a regional 'big picture' perspective of key issues. Parochial viewpoints set around 'what is in this for our district' were reported as a common challenge by officers.
- 4.22 Council Leaders referred to other Board Members not taking a regional and strategic approach to discussions with the most common reason given being that the strategic direction and purpose of the Combined Authority was not clear. As a result this left Leaders unable to identify or take a strategic view in the context of the Combined Authority which may have led them to the safety of taking a parochial view.
- 4.23 On the flip side the Mayor and Leaders reported frustrations with Combined Authority Officers for wanting to take a one size fits all approach to key issues, in their opinion not noting the differences between areas within the region.
- 4.24 Dealing with a constituent based approach and ignoring different constituent needs to regional strategic matters is a challenge all Combined Authorities must face. 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 are in support of in principle. 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.
- 4.25 Clarity on purpose, vision, and objectives will undoubtedly help ease frustrations and improve mindsets and a significant step could be delivered through agreement on the operating values and principles of the Combined Authority.
- 4.26 There is also an opportunity through greater engagement with Constituent Chief Executives to work collaboratively in the development of regional strategic matters and attempt to take some of the politics out of current debates. Chief Executives are well placed to see regional benefits and to subsequently brief and advise their Leaders.

Collective Leadership

- 4.27 Voting members of the Combined Authority Board are predominantly leaders (whether that be as Chair of the Board, the Business Board or as Leader of an Authority), they have a role to come together at Combined Authority level to provide collective leadership for the region.
- 4.28 It is the role of the Mayor to drive collective leadership with support from Constituents at the Board, in his position as Chair of the Board. Contrasting views were given on the leadership provided through the Mayor during the review, with a majority stating the Mayor could do more, citing that he had not engaged Constituents in major work such as the economic strategy appropriately. Equally others referred to the lack of a Mayoral team to support him and opinion of wider cultural approaches within the Combined Authority that directed leadership through a top down officer approach.
- 4.29 As Chair of the Combined Authority Board, with significant decision-making requiring specific Mayoral support to progress, the Mayor has a vital role in ensuring the Combined Authority Board works collaboratively in order to arrive at a consensus to enable it to deliver its key functions.
- 4.30 While the elected Mayor will have many formal powers, including proposing a budget and strategies, the post holder will still have to confer, collaborate, negotiate and foster a consensus with other Board Members and stakeholders to effectively discharge the mayoral functions. As such the elected Mayor as chair of the CPCA will need to exercise leadership skills to ensure the CPCA functions effectively.
- 4.31 The need for the Combined Authority to develop a consensus culture is referred to above, in order to support a consensus culture it is important that Leaders of Constituent Authorities recognise the mandate of the Mayor alongside a responsibility to also provide collective leadership. It may be that the Combined Authority needs to develop a narrower agenda in order to focus on key areas of consensus to help it initially move forward.
- 4.32 Board Members also require the appropriate advice, guidance and support from Combined Authority Officers and their own Chief Executives. A consistent theme throughout the review from the perspective of Politicians was that the Combined Authority often took a top down approach by seeking 'to do' rather than 'work with' the Mayor and Constituent Authority Leaders and Chief Executives. This fed the perception of a lack of engagement by the Executive Team and a view that the existing organisational culture was focused to directly deliver and at times 'impose upon' rather than commission or seek to utilise existing regional expertise. This approach is contrary to that of co-production and the values recommended within this report.

Behaviour

- 4.33 From the evidence gathered it was widely recognised that there have been positive improvements in the culture of the organisation amongst officers and politicians but that further improvements were required. Overwhelmingly voting Board Members, Constituent Chief Executives and CA staff who were engaged reported that they wanted to create a working environment which was more open to engagement, collaboration, with a clear focus on clear priorities and welcoming of challenge.
- 4.34 Board Members and Senior Officers within the Combined Authority talked consistently about there being a lack of trust between the Combined Authority and Constituents, between the Mayor and Leaders, amongst Leaders and between the Combined Authority Executive Team and Politicians.
- 4.35 Such a lack of trust will have significant negative impacts and attempts to positively address this moving forward are required. It should be noted that efforts are being made to improve engagement through the Chief Executives Group and to develop a Member Officer Protocol.
- 4.36 Greater co-production at officer level, with a bottom up approach, could help improve trust. At the senior level clarity over objectives, purpose, roles and responsibilities can provide some improvement. There is also a clear case that Politicians may need to be reminded of expected member behaviours and the code

of conduct, referencing of course to the Nolan Principles and the need to demonstrate these. The creation of a Member Officer Protocol can support the Code of Conduct and provide greater clarity around expectations and interactions.

- 4.37 All Board Members are expected to act in accordance with the code of conduct and demonstrate regard for the Nolan Principles, given the senior positions Politicians on the Board are in it is safe to assume that they will all be aware of code of conduct requirements. Nevertheless the Monitoring officer may wish to give consideration to providing training and/or opportunities for Board members to discuss their behaviours and how they can be improved.
- 4.38 The Audit and Governance Committee has a role to advise on Member behaviour and application of the code of conduct which could also be explored.

Ongoing Progress

- 4.39 It is important to reference ongoing progress within the Combined Authority to address some of the matters raised in this section of the report, these include the Executive Team taking responsibility to review and challenge the content of the Forward Plan and the beginning of a process to develop a Member Officer Protocol.

Conclusion summary

The governance framework can play a role in setting the tone for culture and behaviour within an organisation, evidence suggests that improvements and refocus within the governance framework could help remove some of the frustrations that are impacting behaviour.

A more strategically focused Board would refocus Board membership onto key strategic items, supported by a more appropriate cycle of bi-monthly meetings and a thorough Pre-Board process that would enable greater engagement and ownership of the agenda, forward plan and reports which could also provide significant benefits.

The greater levels of engagement and interaction between the Combined Authority, Mayor and Leaders through a Pre-Board process could also have a positive impact in building trust and improving clarity on Board activity.

However there is also a need for Politicians to provide collective leadership to the region and act appropriately, party politics is highly evident at Board meetings and the Chief Executive and Monitoring Officer may need to remind Board Members of the Nolan Principles and code of conduct.

There is an opportunity now local elections have passed to reset the dynamics and behaviours within the Combined Authority that requires collective leadership from all. Constituent Chief Executives could play a valuable role in helping reshape political dynamics.

Recommendations

- 7 Combined Authority Board and Executive Team give consideration to the conclusions and issues raised within the Culture and Behaviours section of this report and produce an action plan in response**
- 8 The Governance Framework should reflect a more strategic remit for the Combined Authority Board supported by an engaged Pre-Board process based on the values set out in this report**

- 9 The Executive Team, supported by the Chief Executive Group, develop a ^{Item 4}workstream to help reset and improve Political dynamics and behaviours**
- 10 The Chief Executive Group, enabled by the Combined Authority Chief Executive, develop lead roles for Constituent Chief Executives to build regional consensus on specific Combined Authority policy agendas**
- 11 The Combined Authority Chief Executive considers options within a future operating model to deliver increased collaboration between the Combined Authority and Constituent Authority Officers, examining additional opportunities for joint postings**
- 12 The Combined Authority should implement a development programme to build relationships between Board Members and the Combined Authority Executive Team**

Governance as an enabler

- 5.1 The Governance Framework should enable decision-makers to fulfil their roles and responsibilities, it should be seen as an enabler rather than a necessary evil. The tone of feedback that has been provided on the process, the behaviour, the focus and the operation of the Combined Authority at Board level has generally been negative throughout the majority of the review.
- 5.2 Officers and Board Members have both described attending Board as a necessary evil with little perceived value. Executive Committee Chairs have described Committee operation as more collaborative but without a clear sense of purpose or the ability to make an impact. Audit & Governance Committee has been described as not knowing how it fits into the Combined Authority and therefore how it can best add value, and Overview & Scrutiny (like in the majority of Combined Authorities) is trying to define its role.

Understanding

- 5.3 Good governance principles need to be understood, owned, practiced and upheld by all decision-makers and those working to support them. Engagement with Officers across the Combined Authority through the review and wider by the Governance Team has shown that there is a general lack of understanding about how decisions are made and what the roles and responsibilities are of key individuals such as the Mayor.
- 5.4 During the review a number of general governance lunch and learn sessions were delivered by the Combined Authority Governance Team to help Officers better understand key elements of the decision-making process. These sessions highlighted a lack of knowledge of the governance framework, who makes decisions and why, the purpose and function of each Committee and the powers and responsibilities that exist across the framework.
- 5.5 Moving forward the Governance Team will need to develop a programme of officer training sessions that:
- ☐ Provide an overview to the governance framework and how decisions are made, including the process of building up to decisions through appropriate engagement
 - ☐ Set out the roles and responsibilities of the role of Mayor, Board, Committees, Scrutiny and Audit & Governance

- ❑ Provide training on report writing and presenting to Board and Committees

- 5.6 In addition the Strategy Team should consider delivering sessions on the process for how strategy, policy and new ideas are to be developed and fed into the governance framework.
- 5.7 An improved understanding for officers across the Combined Authority can be passed on to Constituent Officers, partners and stakeholders through engagement and interaction.
- 5.8 The *Even Better* project does not currently have included within its remit the development of organisational good governance behaviours, these could be the next step in upskilling officer skillsets following suggested lunch and learn sessions on the governance framework.

Communication

- 5.9 The review revealed a general acceptance that communication levels have increased between the Combined Authority and its Constituents in the past 18 months, particularly amongst officers, however this communication was perceived by some to at times be poorly timed and/or insufficient.
- 5.10 Criticism of Combined Authority communications was a consistent theme throughout the review on the development and delivery of projects and in consultation exercises. The status of devolution projects and the University Programme in Peterborough were highlighted as examples of poor communication by Constituent Leaders who consistently stated that they did not know the current status of developments.
- 5.11 It is important to consider this feedback in context however, the Combined Authority does provide a RAG rating update report for Board Members on devolution projects. Additionally the Local Transport Plan consultation exercise was highlighted as an example of a missed opportunity for greater communication and collaboration by some Constituent Leaders but also given as a good example of enhanced engagement work by others.
- 5.12 For the benefit of this review, which has not gone into a detail evaluation of communication approaches at the Combined Authority, it is therefore important that focus should be put on governance communications and where this can be improved. We have already referred to the need for a Pre-Board process which could significantly improve engagement, build trust and improve decision-making at Board level. We have also referred to the need for the establishment of a Combined Authority supported Constituent Chief Executive Grouping that again would provide opportunity for information sharing and additional engagement.
- 5.13 The Pre-Board process and the preparation of business for other Committees could benefit from greater communication with key officers in each Constituent Authority. This would create enhanced briefing opportunities for Councillors in each Constituent on key issues and CA business if Constituent Councils provided a list of lead officers on specific issues so the Combined Authority could send relevant papers to those identified lead officers as well as Council Leaders and Chief Executives.
- 5.14 Other Combined Authorities have developed 'offers' of communication based around senior officer engagement with Constituent Councils in order to improve lines of communication, increase engagement and collaboration. The West Midlands Combined Authority has developed 'Constituent Offers' that include holding rotating Executive Team meetings at Constituent Authorities that allow lead CA Officers to brief Constituent Officers on current and future Combined Authority business and opportunities. This also creates opportunities to brief wider elected member representation from Constituents on what the Combined Authority is about and is doing.

Informal Governance Mechanisms

- 5.15 The review of governance began with a governance mapping exercise to identify the current governance framework at the Combined Authority. When this was undertaken it became evident that there were few examples in the current structure of 'steering groups' consisting of relevant leads from Constituent Councils and partners that worked directly in support of formal bodies.
- 5.16 This is not to say that informal governance bodies do not exist as they clearly do, more that improvements can be made in ensuring those that do have a clear role in informing the work of parent bodies such as Combined Authority Committees.
- 5.17 Informal governance mechanisms are vital at ensuring appropriate engagement, communication, issue identification and assisting delivery within each thematic area, even more so in a Combined Authority setting due to the partnership and consensus requirements needed for a Combined Authority to effectively operate.
- 5.18 Other Combined Authorities engaged as part of this review identified informal governance bodies within their governance frameworks and set out the positive value that they added to the governance process. Numerous examples were provided across Combined Authorities where steering committees or groups existed to assist formal Committees by helping to inform the agenda, provide a 2 way engagement and communication process, assist in report drafting and review process, identify issues and debate policy ideas.
- 5.19 The Housing & Land Steering Committee at West Midlands Combined Authority was a particularly good example that incorporated the Lead Directors/ Officers for Housing & Land within each Constituent Authority alongside key developers and partners in its membership, alongside key Combined Authority Officers. They were able to review and debate committee business far in advance of each Housing & Land Board meeting which ensured Councillors (Chaired by the relevant Lead Members for Housing) were briefed, aware of the ask and why it was regionally important, and able to help shape the agenda by raising key issues and opportunities where it was felt a Combined Authority setting could assist.
- 5.20 Earlier in the report I referred to the benefits of creating a Constituent Chief Executive Group, this is another example of positive informal governance but at the top level. Chief Executives can be given cross cutting themes to lead on building consensus on for future development and debate at the Combined Authority.
- 5.21 The principle of 'steering committees' consisting of appropriate Constituent Council lead officers should be adopted by the Combined Authority in support of Combined Authority Committees (other than Board and Regulatory Committees) and to assist in developing a co-production approach and ensuring greater engagement and communication between the Combined Authority and Constituents.
- 5.22 The *Even Better* project has a workstream to develop informal governance mechanisms with a focus on communication and engagement, ensuring this work relates to steering committees and their parent bodies could be essential.

Assurance Framework

- 5.23 A topic that was raised during the review, but did not form a detailed part of this review, was the Combined Authority approach to the administration and approval of investment funds and the Assurance Framework that oversaw this approach.
- 5.24 The Mayor and Leaders have a perception that the process for initiating projects is not clear and lacks political oversight or input, additionally a view was expressed that development standards for projects were missing an opportunity to incorporate CPCA specific standards.
- 5.25 Other Combined Authorities have developed their Assurance Frameworks around a single approach that identifies clear lines of relationship with the governance framework, a specific focus on strategic

justification to enhance the golden thread requirement of the Combined Authority, further supported by Combined Authority specific requirements such as inclusive growth or climate change criteria.

- 5.26 A review of the Assurance Framework in detail could be undertaken at the Combined Authority to ensure that it is fit for purpose and provides consistency of approach, standards, appraisal, assurance and decision-making across all funding pots. A review could also examine how the Assurance Framework allows for additional proportionality within the development of business cases and in the development routes that are undertaken, as well as how it engages constituents and partners.
- 5.27 This review has not undertaken a detailed review of the Combined Authority Assurance Framework, however it is recommended that the next internal review seeks to identify and address any Mayoral and Constituent concerns with the Assurance Framework. It should be noted the existing Assurance Framework is fully compliant with HMTs Green Book and government requirements.

Decision-making principles

- 5.28 This review has also not undertaken a detailed review of the Combined Authority Constitution, there is a separate process in operation that involves Councillors and Officers for this process. However, the review did identify when examining the call-in process at the Combined Authority that its Constitution does not currently detailed any decision-making principles.
- 5.29 Decision-making principles are common place in Local Authority Constitutions and act as guiding principles to apply to decision-making, this subsequently can have a positive influence on the approach taken to the content of reports, decision-making considerations and subsequent accountability arrangements through the guidance provided on how a decision will be considered.
- 5.30 Decision-making principles are relatively standard across Local Government and are also present in Combined Authority Constitutions. In West Yorkshire they are set out as a specific article on decision-making, in Greater Manchester they are set out in the general articles and in West Midlands they are further stated in scrutiny call-in guidance and procedure.
- 5.31 In a Combined Authority context these principles could appear as follows:

All decisions of the Combined Authority, including those made by or on behalf of the Mayor, or by a committee or an officer, should be made in accordance with the following principles:

- ☐ *proportionality (that is the action must be proportionate to the desired outcome),*
- ☐ *due consultation and the taking of professional advice from officers,*
- ☐ *having regard to relevant and material considerations and disregarding irrelevant considerations,*
- ☐ *guarding against any form of predetermination in any decision-making process,*
- ☐ *consideration of any alternative options,*
- ☐ *respect for human rights,*
- ☐ *a presumption in favour of openness and transparency,*
- ☐ *clarity of aims and desired outcomes,*
- ☐ *the giving of reasons for the decision and the proper recording of those reasons.*

- 5.32 Decision-makers would be expected to demonstrate decisions were taken in accordance with these principles alongside other considerations such as accordance with legal requirements, the Combined Authority Constitution, the Combined Authority budget and policy framework and the strategic objectives of the Combined Authority.
- 5.33 The lunch and learn session with officers within the Combined Authority on report writing referred to decision-making principles as a good basis of consideration for report authors to consider.

- 5.34 Decision-making principles tend to play a key role in the Scrutiny Call-in process with those wishing to call-in a decision having to justify how decision-making principles were not applied to that decision. Without such principles to apply to the decision-making process it is possible for decisions to be called in without clear reasoning which can politicise the process rather than acting as a check and balance.

Cambridgeshire Public Service Board

- 5.35 The Cambridgeshire Public Service Board (CPSB) consists of key public service partners, its purpose is to provide an opportunity for the leaders of public sector organisations to come together and make strategic interventions and to provide better outcomes for its residents and place.
- 5.36 The CPSB consists of all Constituent Authority Chief Executives, the Combined Authority, the Police & Crime Commissioners Officer, Police, Fire, Clinical Commissioning Group, and Greater Cambridge Partnership.
- 5.37 The CPSB seeks to work collaboratively as a single team with a focus on system wide strategic issues and horizon scanning for future opportunities to benefit the region. The Combined Authority Chief Executive is part of CPSB and has been working to improve relationships with partners which were frequently described throughout the review as in need of repair. It was reported to the review that these relationships were so negative under previous leadership at the Combined Authority that there was a period of time when the CPSB operated without Combined Authority involvement.
- 5.38 Engagement through this review with Greater Cambridge Partnership as well as all the Constituent Council Chief Executives revealed support for the Combined Authority to take a central enabling role in the future of the CPSB. The Combined Authority Chief Executive role was viewed by a wide number of interviewees as a potential key enabler and interface on system wide strategic matters to interface with the Combined Authority and the role of Mayor, which has wide ranging convening capabilities.
- 5.39 Public Service Reform is a thematic area that currently does have a specific focus within the Combined Authority governance structure, given the need for improvements in foundations, fundamentals and behaviours it may be that the best way to move Public Service Reform forward would be for the Combined Authority to maintain a narrower agenda and support Public Service Reform through the CPSB.
- 5.40 CPSB membership are greatly placed to work collaboratively with enabling support from the CA Chief Executive in this area, to bring in political leadership when required and to build consensus. In such a circumstance the Combined Authority Chief Executive would need to represent the views of the Mayoral agenda.
- 5.41 The CPSB terms of reference are currently out of date so now would be a good time for them to consider their role moving forward and how best the Combined Authority can enable it to achieve its goals, particularly with arrangements such as Shared Prosperity Fund on the horizon where such a panel could potentially play a key role.

Governance Roles

- 5.42 The review revealed potential opportunities for development and clarity on a number of key roles within the governance framework, those being the positions of Mayor, Deputy Mayor and Lead Members.

- 5.43 As mentioned earlier in the report clarity is required on the process for integration and delivery of Mayoral priorities by the Combined Authority, improvements here can help increase understanding on the role of the Mayor and ease some tensions around how Mayoral priorities are delivered.

Deputy Mayor

- 5.44 The position of Deputy Mayor featured consistently in the review as a position that currently does, and in future could develop further, to assist with political tensions at Board level. Deputy Mayors can play an integral role at Combined Authorities noting that they play the lead role on Police And Fire where those Mayoral powers exist.
- 5.45 In other Combined Authorities Deputy Mayors have developed roles to support the Mayor and assist in the operation of Board business, acting as conduit between the Mayor and Leaders, acting as a fixer on key political matters and keeping an eye on horizon scanning regional political matters. However where such roles exist the Deputy Mayor role is occupied by an individual of the same political persuasion as the Mayoral role.
- 5.46 It is worth giving consideration to defining and developing the role of Deputy Mayor and how the role can best support the Mayor and Board.

Portfolio Lead Roles

- 5.47 Lead Member roles are currently in operation at the Combined Authority, the Constitution lists Lead Member responsibilities in Appendix 1 (of the Constitution), however this element is clearly out of date and refers to arrangements under the previous Mayor.
- 5.48 A number of Lead Members felt that they were unclear on what was required from a Lead Member especially as the role had no delegated authority. In addition all Leaders stated that the Combined Authority took up a significant amount of their already increasingly busy schedule which meant leading on portfolio areas for the Combined Authority was a challenge.
- 5.49 It is difficult for the Combined Authority to clarify and/or develop the role of Portfolio Leads at present due to the need to build foundations and fundamentals, and taking into consideration the difficult political environment in operation at the Combined Authority Board. As a result it would be prudent to examine the potential role of Portfolio Leads once key foundations have been developed and agreed.
- 5.50 Many Mayoral Combined Authorities have Portfolio Leads but few attempt to detail the responsibilities of the role like has been done at CPCA.
- 5.51 Portfolio Leads are not like those of Cabinet Portfolio Holders within Local Authorities, they have no delegated authority. In order for the role to lead on delivery of a policy agenda or provide political direction to a portfolio the Combined Authority will need clarity on its objectives, a concern during interviews amongst politicians was that clarity of objectives and political trust to stick to an agreed approach did not currently exist within the Combined Authority and as such was a barrier to providing effective portfolio lead positions.
- 5.52 Greater Manchester Combined Authority gives each Leader a policy brief on which to 'lead', in West Midlands Combined Authority they have Portfolio Leads, in both circumstances it is not entirely clear to what extent leading entails. Engagement suggests that Leads have a responsibility to oversee delivery of strategic objectives and to Chair appropriate thematic committees.
- 5.53 Regardless the appointment of lead positions amongst Board membership is a positive opportunity to engage all in the Combined Authority agenda. Leaders suggested during interviews that being able to have a supporting Councillor for each Lead position may be a step worth consideration due to the busy nature of Council Leader schedules. Investigating such a proposal further would seem a sensible step.

- 5.54 Consideration should also be given by the Mayor to empowering Lead Members by delegating functions reserved for the Mayor to Lead Portfolio Members, this is an existing power within the Combined Authority constitution. Item 4

Ongoing Progress

- 5.55 It is important to reference ongoing progress within the Combined Authority to address some of the matters raised in this section of the report, these include:
- ☐ Development of Governance lunch and learn sessions for CPCA Officers
 - ☐ *Even Better* project workstream focus on good governance behaviours
 - ☐ Precedent of informal governance bodies already in existence to support key policy or workstreams
 - ☐ *Even Better* project workstream focus on developing informal governance mechanisms

Conclusion summary

Good governance principles need to be understood, owned, practiced and upheld by all decision-makers and those working to support them. This is significantly harder to do if there is no broad understanding of how the framework operates or how decisions are made. Good governance behaviours come from having a good understanding of governance.

Good governance communications have been one of the key asks from Politicians throughout the review, this feeds into the continuing theme of clarity that is a requirements in all aspects of governance at the Combined Authority. Finding ways to enhance communication with key partners and officers can improve knowledge of the Combined Authority agenda and harness greater cooperation and coproduction opportunities.

This can be further enhanced through engaging the lead Constituent Council officers in support of Combined Authority Committees. The *Even Better* project is examining how to develop informal governance mechanisms across the region, the Combined Authority governance framework can take the lead by adopting the principle of lead officer steering committees to support Committee activity where appropriate.

Internal decision-making can be further supported through the adoption of decision-making principles. This will not only guide decision-making but it can also guide report production by directing authors on how the report/ decision will be considered. It is also a mainstay in the consideration of the scrutiny call-in process.

Recommendations

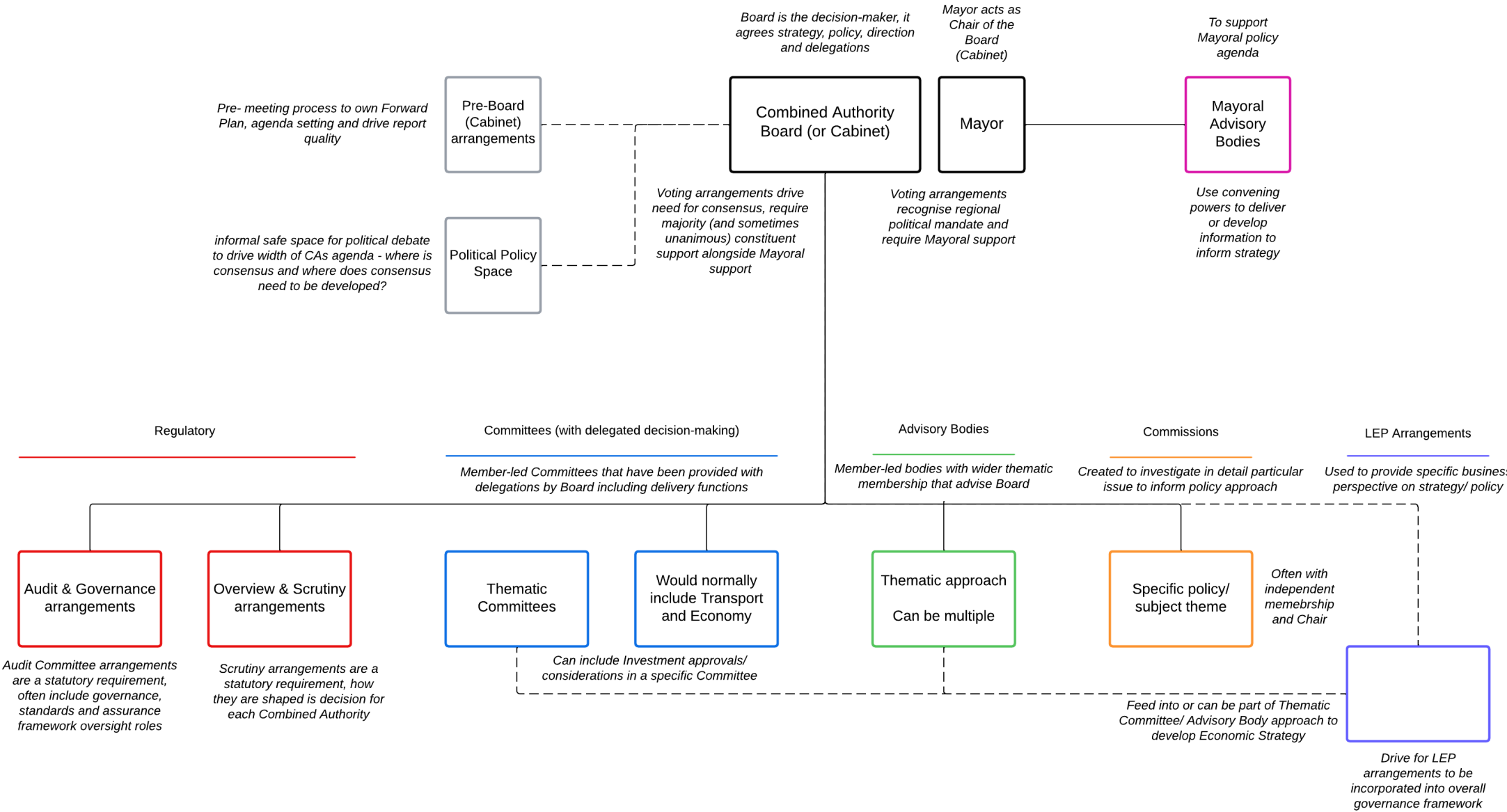
- 13 Combined Authority Board and Executive Team give consideration to the conclusions and issues raised within the Governance as an enabler section of this report and produce an action plan in response**
- 14 The Combined Authority should seek to ensure employees understand the governance framework and how decisions are taken. This should become a key component for new starter induction and the Governance Team should develop and deliver an annual programme of lunch and learn information sessions alongside training and guidance for officers and partners.**
- 15 Constituent Authorities provide a list of key officers to the Combined Authority on each thematic area (to be detailed by the Combined Authority) so that those officers can be sent relevant papers for relevant Combined Authority Boards and Committees.**

- 16 The Chief Executive, in engagement with Constituent Council Chief Executives, considers how to develop approaches to better engage and inform Constituent Authorities.**
- 17 The principle of 'steering committees' consisting of appropriate Constituent Council lead officers be set up to support formal Combined Authority Committees (other than Board and Regulatory Committees) be adopted by the Combined Authority.**
- 18 The Combined Authority adopt decision-making principles for inclusion within the constitution that sets out the principles by which decisions will be made at the Combined Authority. It is recommended that the decision-making principles set out in this report be the basis of those principles.**
- 19 The Chief Executive engages CPSB Membership to discuss how best the Combined Authority can enable and support it in achieving its objectives.**

Governance Framework

- 6.1 Consistent themes have been a positive within this review of governance, having consensus amongst politicians regardless of party, senior officers both within the Combined Authority and at Constituent Council level and amongst partners, suggests that the issues identified to be addressed are the correct ones.
- 6.2 Another of these consistent themes has been the response when asked what do you want from your governance framework, the response overwhelmingly featuring the following:
 - ☐ Simplicity
 - ☐ Clarity
 - ☐ Alignment with strategic direction
 - ☐ Value adding
- 6.3 Another regular response was that of streamlining. This referred to a perception that the current governance framework was complicated and large, alongside an assumption that it could be streamlined to become more efficient.
- 6.4 The structure at the Combined Authority is relatively straight forward, particularly if you compare it to other Combined Authority structures. Combined Authority governance structures are relatively standard, a review of all Mayoral Combined Authority governance structures suggests that the common components are as follows:

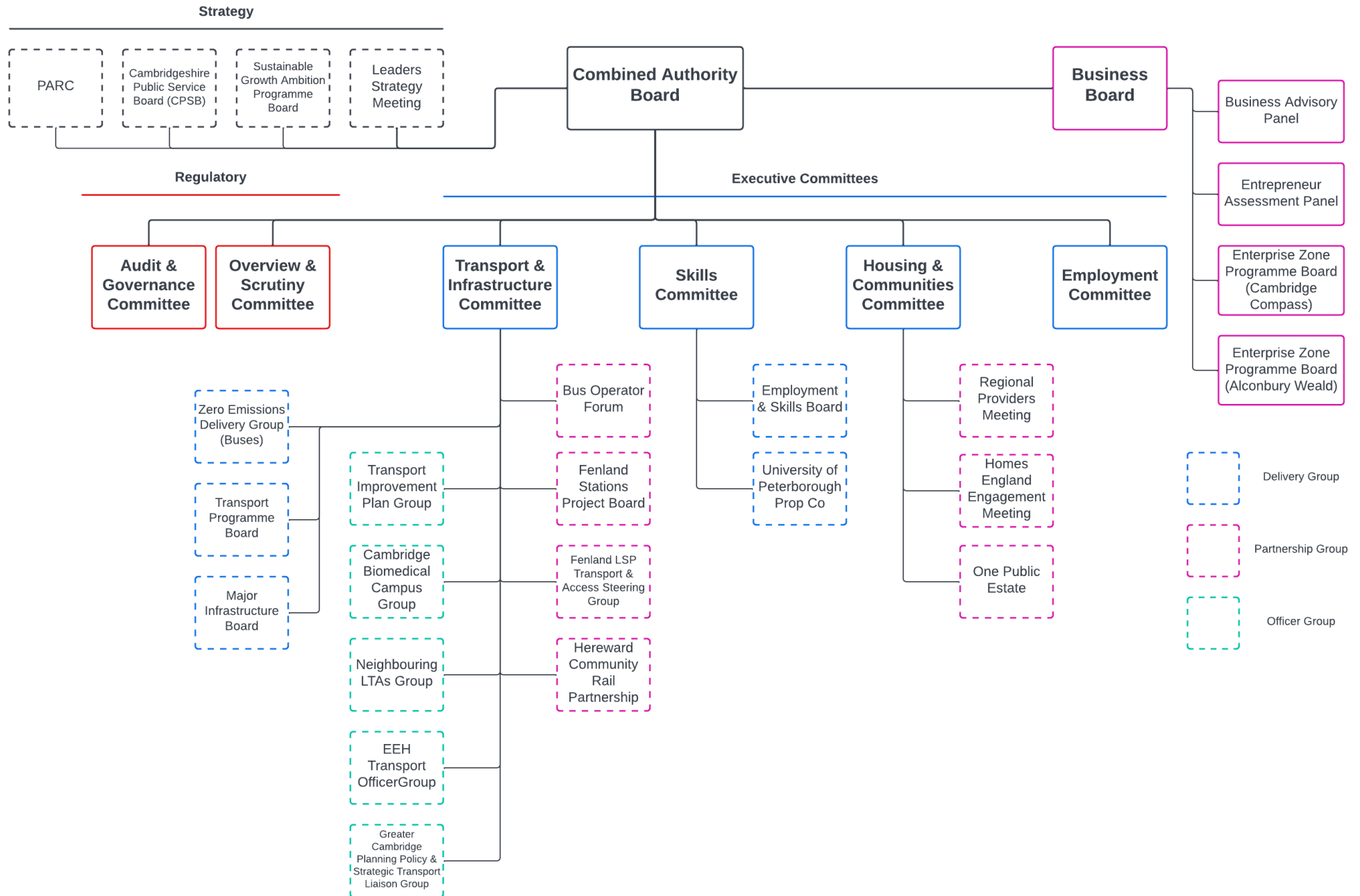
Illustration D – Generic Combined Authority Governance Structure



Item 4

- 6.5 The Board is where the power sits, consisting of Constituent Leaders and Chaired by the Mayor. At CPCA the Chair of the Business Board is also a voting member of the Board and there are non-voting members such as the Police & Crime Commissioner, Clinical Commissioning Group and Fire Authority.
- 6.6 We have touched on the need for enhanced Pre-Board arrangements and this will be detailed later in this report. At present there is a Leaders Strategy Meeting (LSM) attended by the Mayor and Constituent Leaders alongside senior Combined Authority Officers that plays a limited role in Board preparation. LSM is intended to act as a forum for the Mayor and Leaders to come together and discuss upcoming matters and decisions.
- 6.7 Regulatory Bodies are a reference to the Overview and Scrutiny function and the Audit and Standards function which sits within Overview & Scrutiny Committee and the Audit & Governance Committee. These are functions that the Combined Authority is required to have by law.
- 6.8 Commissions have previously been in operation at the Combined Authority. Commissions tend to be groups set up comprising of membership of outside experts and independent membership who are asked to investigate a particular topic, concern or question and provide conclusions and recommendations to help shape a policy approach. Most recently there has been an independent commission on climate change at the Combined Authority and an independent economic review.
- 6.9 Committees are bodies set up around a thematic area, objective or directorate by the Board to discuss specific matters, they can also play an operational delivery role or oversee delivery of a key strategy. Committees can have a key role in engaging appropriate partners and stakeholders and building up an evidence base to assist in the developing of key strategy relevant to their thematic area.
- 6.10 Advisory Committees are similar to Committees above but are limited to providing advice rather than making decisions.
- 6.11 At CPCA they are ahead of the curve in regards to their structure with the Local Enterprise Partnership (LEP). The LEP, named the Business Board, has been incorporated into the Combined Authority governance structure and operates as an advisory board to the Combined Authority.
- 6.12 Of course not all of the elements within a generic Combined Authority structure are and need to be in play at all times.
- 6.13 Mayoral Advisory Bodies are groups that have been set up specifically to advise the Mayor in the development and delivery of Mayoral priorities. These groups can play an engagement role with key partners and help oversee the development and delivery of Mayoral priorities. These are common place in many Combined Authorities on a range of topics from Youth Advisory Groups, Homelessness, Race Equality, small business and green energy.
- 6.14 The current CPCA structure is relatively simple and straightforward, it consists of key components without the complication of Thematic Advisory Bodies or Commissions. It also does not currently have any Mayoral Advisory Groups.
- 6.15 Its Executive Committees make recommendations to the Board for consideration on thematic strategy and have delegated authority to oversee the development and management of key thematic strategy and policy. They do also have key delegations, for example the Housing & Communities Committee had delegated authority for the staged release of the budget for housing projects to be funded from the Affordable Housing Programme.
- 6.16 The governance mapping exercise identified the following governance map at the Combined Authority at the end of 2021/22 (please see over page):

Illustration E – Current Combined Authority Governance Structure



The Mayor

Item 4

- 6.17 We have referenced the need for clarity on the role and responsibilities of the Mayor earlier in the report. The Constitution does currently provide details on the role of the Mayor as does the Cambridgeshire and Peterborough Combined Authority Order 2017 ([CPCA2017Order](#)).
- 6.18 The key issue where clarity is required is *what is the role of the Combined Authority in delivering the Mayors priorities*. The Mayor has a regional democratic mandate to deliver their priorities, we referred to the process around this requiring clarity and establishment in the Foundations and Fundamentals section of the report. This clarity is an absolute requirement in providing a clear understanding of the role of the Mayor moving forward.
- 6.19 The Mayor is supported by Combined Authority Officers in the role, however frustrations were evident from the Mayor in the level of support he felt he was given to develop his policy agenda. It should also be noted that the Mayor has not had full mayoral office support for some time.

Mayoral Advisory Groups

- 6.20 A key line of support that the Combined Authority can provide the Mayor with is policy advice and guidance, this could include establishing advisory groups to support the development of the Mayoral policy agenda.
- 6.21 The operation of Mayoral Advisory Groups are common place across Combined Authorities in assisting with the development and delivery of Mayoral Priorities. The Mayor of Greater Manchester Combined Authority has established a Business Advisory Panel consisting of regional business leaders, the Panel has asked the panel to not only draw on their own personal experience in the private sector, but also look beyond it to consider what actions and policies can make Greater Manchester as a whole the best place to do business.
- 6.22 In the West Midlands Combined Authority there have been several Mayoral Advisory Groups on areas such as regional business need and homelessness. The Homelessness Taskforce established by the Mayor was established with membership from all constituents, key partners and stakeholders with an aim of working together to identify ways to tackle homelessness. This evolved to become an ongoing part of the governance structure.
- 6.23 In Liverpool City Region there is a Mayoral Young Persons Advisory Group which serves as a crucial sounding board for the Metro Mayor. The Mayor of London has many advisory groups such as the Equality, Diversity & Inclusion Advisory Group which acts as the main body which brings together expert representatives from equalities groups and civil society in the shaping and delivery of the Mayor of London's Equality, Diversity and Inclusion Strategy.
- 6.24 There is differing approaches to how these groups are supported by Combined Authorities or under the London model, some are pulled together with private sector involvement who then cover costs of administration of operation. What is clear is that such groups provide an opportunity to engage thematic experts and partners in developing approaches to delivering Mayoral priorities.
- 6.25 The Mayor should be supported through the overall governance options, which should assist the delivery of their priorities. The Combined Authority therefore needs to be clear on resources available to support the delivery of Mayoral governance and how Mayoral priorities fit into the overall strategic planning process.

Mayoral/ Combined Authority Engagement

Item 4

- 6.26 At present within the Combined Authority there is a monthly pre-publication meeting which the Mayor is invited to attend, the purpose of this meeting is to provide the Mayor with an overview of what is on the agenda for Board. In the course of this review both Officers and the Mayor have stated that this meeting is beneficial.
- 6.27 This is further supported by LSM and an LSM pre-brief. Fortnightly Director/Mayor check-ins also existed until recently but have been temporarily suspended whilst an internal investigation into matters not shared with this review are undertaken.
- 6.28 Enquiries made with other Combined Authorities reveals a general practice of a weekly business meeting between the Mayor, Chief Executive and senior officers. At North of Tyne this is referred to as the Directors meeting where they review current and future business, similar arrangements exists at other Combined Authorities with West Midlands Combined Authority operating a Monday start of the week meeting. This consists of the Chief Executive and Statutory Officers (Monitoring Officer and Section 73 Officer) meeting with the Mayor, Deputy Mayor and Mayoral staff to discuss the week ahead, set pieces and hot topics. This is supported by a Chief Executive 1-2-1 with the Mayor on a weekly basis later in the week that focuses on delivery of Mayoral priorities and longer term business planning matters.
- 6.29 The review understands that Mayoral – Chief Executive check-ins were undertaken at the Combined Authority until recently but have been temporarily suspended whilst an internal investigation into matters not shared with this review are undertaken.
- 6.30 A regular strategic and business planning meeting between the Mayor and Chief Executive would be beneficial, particularly at a time when the Mayor does have a full complement of staff to support them.
- 6.31 Consideration could also be given by the Mayor on how to better utilise expertise within the Combined Authority with the delivery and lead on Mayoral functions, noting that the Mayor has the ability within the constitution to delegate functions reserved for the Mayor to officers of the Combined Authority.

The Board

- 6.32 The Board is the key decision-maker within the governance framework of the Combined Authority, its purpose is to ensure that the decisions and actions of the Combined Authority deliver key outcomes for the people of Cambridgeshire and Peterborough. It is responsible for the adoption, amendment and withdrawal of key plans and strategies and documents.
- 6.33 Frustrations with the operation of the Board were a key theme throughout the review, key frustrations have already been set out in this report in regards to its level of strategic focus, issues with engagement and preparation, burden of business, and its culture and behaviours.
- 6.34 Evidence taken from Board members, senior officers, officers supporting governance and those reporting to Board identified a number of key areas for the Board to improve in, in relation to the governance framework these were:
- ☐ Its focus and terms of reference
 - ☐ Clarity on its role
 - ☐ Providing delegations to supporting committees
 - ☐ Voting arrangements
 - ☐ Reporting

Creating a Strategic Focus

Item 4

- 6.35 The need for change within the remit of the Board was a theme that officers, members and partners were in complete agreement with when discussed as part of the review. The possibility of creating a more strategic Board was further debated and developed through an engagement session with Leaders Strategy Meeting in February 2022.
- 6.36 The key agreements from that session were as follows:
- ☐ The Board needs to be an effective public forum for decision making to take place in an open and transparent manner
 - ☐ The Board would benefit from a sharper focus on development of strategies and appropriate interactions with/ make better use of supporting committees
 - ☐ Board should be given opportunity to consider big ticket strategic regional issues and opportunities
 - ☐ The current Board frequency of meetings and burden of current business is not sustainable or effective
- 6.37 At February's meeting of Leaders Strategy Meeting it was agreed that a more strategically focused Board should be created and that a potential scope of the terms of reference be tested during further 1-2-1 interviews with the Mayor, Leaders and Chief Executives as part of the review process.
- 6.38 The scope of the terms of reference tested was:
- ☐ To agree strategic objectives for the Combined Authority
 - ☐ To agree key strategy and policy for the Combined Authority
 - ☐ To set long term vision of the Combined Authority
 - ☐ To agree significant approvals
 - ☐ Approve the Combined Authority Budget and the Mayoral Budget (and related strategy, policy, programmes, borrowing and virements over £500k)
 - ☐ Transport Levy/ LTCP/ Consultation on the allocation of Local Highways Maintenance Capital Grant
 - ☐ Key themes/ big ticket items
 - ☐ Key Governance decisions (Constitution/ establishment of Committees and delegations/ memberships/ lead member responsibilities and appointments/ IRP report/ appointment of statutory officers/ establishment of trading companies/ delegations to third parties/ approve, amend or withdraw standing orders)
 - ☐ General power of competence
 - ☐ Agree delegations to supporting committees
- 6.39 There was universal support for this terms of reference which would see a change in approach to the relationship between Executive Committees and the Board, this would involve clear lines of responsibility in regards to strategy where Executive Committees utilise subject matter focus to develop strategy proposals for Board to consider and approve. Once approved the delivery of the strategy would return to the Executive Committee to be overseen.
- 6.40 A key role for the Board in consideration of strategy would be ensuring that an integrated regional approach had been developed that took into account wider considerations than just the thematic topic, for example ensuring Housing strategy had considered transport, health and infrastructure considerations.
- 6.41 Executive Committees could be given delegation to allow them to make approvals, develop policy and take decisions to deliver relevant thematic strategy. The ***Even Better*** transformation project could examine approval levels and decisions that could be delegated down to Executive Committee level which would help create a more strategic focus at the Board.

- 6.42 Another key theme that emerged from interviews was a perspective that the Combined Authority was not placing enough emphasis on how to deal with significant regional big ticket items such as economic growth, connectivity, broadband, climate agenda, inclusive growth and water management. Some of these 'big ticket' items as they were referred to are picked up below in creating a sustainable economy focus for the Board. Item 4
- 6.43 At the February meeting of Leaders Strategy Meeting the potential of developing the current Leaders Strategy Meeting into a strategic policy space (at the time of engagement names as the strategic growth forum) with wider membership was discussed and supported, the intention being that this would allow Board members, partners and officers to raise, discuss and debate the big ticket items and start the process of developing an approach which would eventually feed up through the governance framework to the Board. Such a body could work closely with the CPSB and the proposed Chief Executives Group.
- 6.44 A strategic policy space body would engage Board membership very early on in big strategic topics and help create the strategic focus and supporting mindset that the Board requires. It would allow a safe space for key debates and political discussions out of the public eye to determine where consensus lies and needs to be developed, and what the width of the policy agenda can be.
- 6.45 Having such a forum as well as a Pre-Board Brief process also creates opportunities to provide Board membership with information items and remove them from the Board agenda.
- 6.46 Having a strategic perspective on financial management will also be a key role for the Board, managing underspend and budget processes need to be thought through at a strategic and tactical level so they are fit for purpose.

Creating a Sustainable Economy Focus

- 6.47 Another consistent theme throughout the review was an agreement that the governance framework needed to place more focus on the economy to drive delivery of the devolution objective of doubling GVA. The recent adoption of the Sustainable Growth Ambition Statement (SGAS) creates an opportunity for an economic focus within Board business as does a new Economic Growth Strategy which will be considered by the Board in June 2022.
- 6.48 The oversight of delivery of the strategy could be a key role for the Board if it wishes to develop a key economic focus, potentially utilising the Business Board as its key advisory body. The Board may also wish to give consideration to approaches developed elsewhere to place more of a focus on the Economic Strategy.
- 6.49 At West Midlands Combined Authority they recently created an Economic Growth Board with delegated powers aimed at placing regional economic development at the heart of decision-making by making it responsible for the delivery, performance and evaluation of its economic strategy and the management of related processes, as well as ensuring an integrated approach is taken across Combined Authority portfolios. This Economic Growth Board contains the Mayor, Constituent Leaders, LEP representatives, and relevant business, union, innovation and education sector representatives.
- 6.50 CPCA should give consideration to how it wishes to place more of a focus on delivery of its Economic Strategy and the SGAS either through the Board itself or by creating an Economic Growth Executive Committee with responsibility for the delivery of the Economic Growth Strategy, potentially supported by approval and policy delegations.
- 6.51 Such a Committee could also allow the Combined Authority to develop its Business Board arrangements in response to the LEP review by incorporating Business Board membership into a new Committee or utilising it as a key advisory group.

Dealing with Executive Committee Business

Item 4

6.52 Executive Committees currently send recommendations rather than decisions up to the Combined Authority Board for approval, this creates a significant amount of reports and items for Board consideration. Given that these items have already been considered and agreed upon by the relevant thematic committee it is proposed that they be reported to Board more efficiently.

6.53 An Executive Committee recommendation pack could be drafted that sets out a key overview of each recommendation/ decision with a link to the report considered by the Executive Committee rather than a full report or each item repeating the information that went to the Executive Committee. Each item could be set out specifically for Board benefit explaining what the ask is and why, how it links to strategic priorities of the Combined Authority and any additional information since Executive Committee consideration, with key detail accessible via the link to the relevant Executive Committee paper.

<i>Insert Executive Committee Title</i>	
Agenda Item:	<i>Insert title of item</i>
Recommendation(s):	<i>Insert recommendations made by executive committee to Board</i>
Purpose:	<i>Insert description of purpose of item and what it seeks to achieve</i>
Strategic Objections:	<i>Insert detail of which strategic objectives it links to and how it will contribute towards achieving that objective</i>
Links:	<i>Insert links to reports considered by Executive Committee and minutes of discussion</i>

6.54 These items could be presented as a pack for each Executive Committee and would be presented to Board as tabled by the relevant Portfolio Lead. Additionally a minutes pack at the end of Board agendas to note, containing the minutes of Executive Committee meetings, would allow opportunity for questions and oversight of business. This approach would remove the need for lengthy introductions on each item by Officers at Board meetings and allow a focus on Board member debate.

6.55 Additionally the Pre-Board Brief process would ensure Board members understood each item and what was being asked as well as identifying items for focus and debate at the Board meeting to assist in preparation and to help ensure Board members were well informed to improve the standard of debate.

Voting

6.56 The voting arrangements for the Combined Authority Board are set out in the Order, they are intended to drive the need for consensus at Board level. Voting arrangements are intended to drive the need for consensus by requiring agreement between Mayor and majority of Board membership, in practice it appears that voting is very much split along party lines on a majority of cases and can present a view that the Board does not have consensus.

6.57 There is however no requirement within the Order for the Business Board Chair to be a voting member of the Board.

6.58 Concerns were expressed by a majority of those interviewed that the ability for the Business Board Chair to vote at Board led to a democratic deficit and lack of consistency within the Boards voting arrangements. The Business Board Chair potentially carries significant power by having a vote given the political balance within the region, concerns were expressed that this should not be the case

given that they have not been democratically elected like other Board membership. Co-opted members such as the Police and Crime Commissioner did have a democratic mandate but were not voting members of the Board which some considered as inconsistent. Item 4

- 6.59 Concerns were also expressed that the ability for the Business Board Chair to vote could lead to a lack of independence in the role from the political process. The recent Government LEP review concluded that the preferred model of governance required Business Boards to have an advisory and consultative role, and a degree of independence from the political process which is potentially removed through the ability to cast a vote.
- 6.60 Consideration of whether such voting arrangements remain and the implications of their removal are required by the Board. Consideration could also be given to widening voting arrangements to include wider membership and new non-political membership. The West Midlands Combined Authority has voting arrangements for constituent matters and non-constituent matters, with Mayor and Constituent Authorities voting on constituent matters and wider membership being able to vote on other matters.
- 6.61 Combined Authority Board and Executive Team may wish to consider this as an area for future review when responding to this report
- 6.62 A selection of proposed options for a governance structure including the strategic focused Board is attached at Appendix E to assist with considerations.

Reporting

- 6.63 The Mayor and Leaders reported concerns regarding the reports that were presented to Board and their impact on the Boards ability to make informed and effective decisions. Consistent concerns regarding reports were provided to the review that included:
- ☐ Necessity of reports at Board is an issue. Not all items require a decision and some decisions have not been fully developed
 - ☐ Sometimes it is difficult to link reports coming to Board with the agreed objectives of the Combined Authority
 - ☐ Reports are not always 'member friendly' in that they are long, can be unfocused and lack clarity on the ask
 - ☐ Important to provide details on options considered, engagement and timelines such as previous decisions taken
 - ☐ Report quality can at times be a concern
 - ☐ Leaders do not have sufficient time to read large reports, it is incumbent on the Combined Authority that it provides decision-makers with clear and succinct reports in order to get the best out of those considering them
- 6.64 Constituent Chief Executives provided a consistent assessment of Combined Authority reports describing them as far too long, unfocused and at times poorly constructed. Combined Authority Officers have also reported difficulties with understanding Board requirements when writing reports. The Combined Authority Governance Team has held 'lunch and learn' sessions to provide greater clarity on writing reports using the existing report template to assist with these difficulties.
- 6.65 The current report template is based on the County Council template and is relatively straight forward, it also contains embedded advice and guidance for officers to use. Committee Officers from Cambridgeshire County Council and officers within the Combined Authority Governance Team regularly engage officers to help them in the report drafting process.
- 6.66 The proposals set out in this report around improving the Pre-Board process should assist officers in better understanding what the 'ask' is from the Board. Feedback on reports going to the Executive

Committees was generally in line with that provided regarding Board reports, feedback also highlighted some concerns regarding Scrutiny reports. Overview & Scrutiny has a different function than decision-making bodies and so reports should be written taking this into account, ensuring that they provide focused detail on key lines of enquiry identified by the Committee to help inform any scrutiny activity appropriately. Item 4

- 6.67 It is clear that the Board and Committees would benefit from enhancements within reporting in order to enable them to focus on the decisions that they are required to take, such enhancements could also consider the implications being provided on each report to ensure a clear connection to the strategic objectives of the Combined Authority. This approach has been developed at other Combined Authorities where inclusive growth or climate change considerations and implications have become requirements on all reports to ensure decision-makers consider direct links to specific objectives.
- 6.68 The Combined Authority should therefore give consideration to creating a 'Member Friendly' report template, specific to the needs and identify of the Combined Authority, focused on providing the right information to inform effective decision-making. Additionally consideration could be given to engaging the Overview & Scrutiny Committee in more detail to discuss specific scrutiny requirements in reporting.
- 6.69 It is important to understand that this refers to the report to be considered by the Board, it is not a reference to business cases or other documents that are required to be developed in line with Assurance Framework requirements and HMTs Green Book (and other government guidance). Such detailed documents would be appendices to a Board report to ensure all detail is provided in the context of making an informed decision, creating a 'Member Friendly' Board report will allow focus to be provided on the ask, the strategic fit and the key considerations that need to be undertaken by the Board in coming to their decision.
- 6.70 A draft report template is attached at Appendix B based on evidence collected during the review that can act as a starting point, considering that this is not a replacement for business case documents which would be an appendix to the Board report.

Supporting Governance

- 6.71 The review has already identified the potential benefits of Combined Authority Officers working closely with Constituent Council Officers, this is particularly relevant to the pre-meeting, report preparation and agenda setting processes. We referred to the potential benefits of adopting a core constituent and partner officer steering committee approach working closely with Combined Authority officers to support Thematic Executive Committees earlier in the report. Such an approach could create a two-way process of information sharing, engagement and issue identification as well as open up opportunities around co-production and delivery.
- 6.72 Such steering committees could provide an opportunity for CPCA officers to work more closely with Officers from Constituent Authorities to improve communication, contribute to agenda setting and have a role in report drafting. They could also provide an opportunity to share evidence from across the region and get local input on an officers 'patch'.
- 6.73 The suggestion above needs to be a two way process, with constituent officers also reporting back to the Combined Authority as well as working with their own Members who are attending CPCA meeting to ensure they are briefed.
- 6.74 There is also a key responsibility for Members from Constituent Councils to brief wider political membership within their own councils on Combined Authority activity, this is a responsibility as well for constituent Chief Executives and lead officers engaged with the Combined Authority.

Consideration should be given by each Constituent Authority to the mechanisms they have in place or may need to develop to support such activity.

Item 4

Policy Space

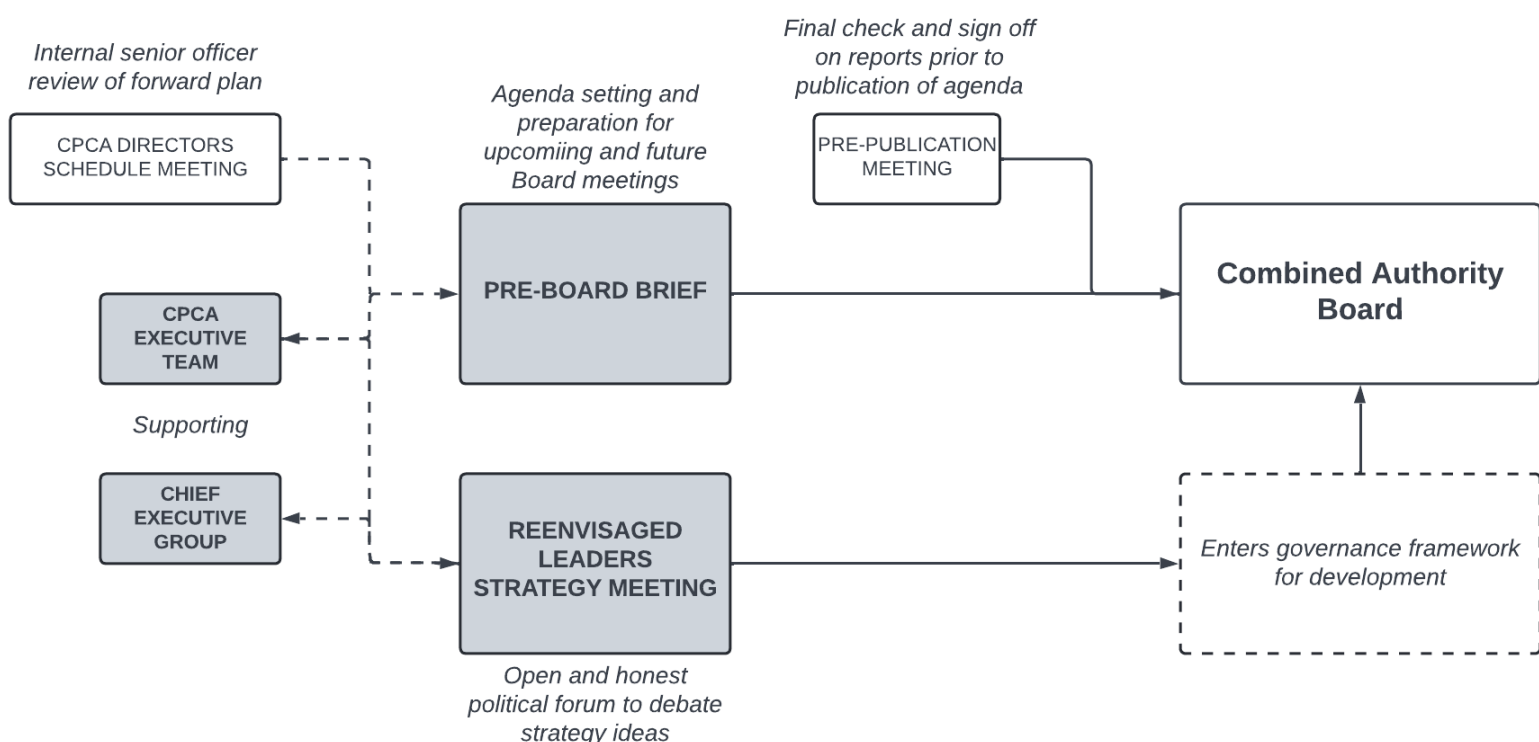
- 6.75 Upon initial review of the existing governance structure at the Combined Authority I noted the existence of the Leaders Strategy Meeting as the only 'safe policy space' supporting the Board and Committees. By safe policy space I am referring to a political forum or meeting that is not open to the public where politicians feel they can safely debate and discuss key topics and items.
- 6.76 Such a space would allow open and honest political discussion between Leaders and the Mayor, this would create a forum where they can discuss where they have consensus and where they need to build consensus. It could also play a beneficial role in Board behaviours and debates which are held in an open public forum, by debating political issues and being able to safely disagree out of the public eye Board Members can shape a Board agenda that is focused on items where consensus has been established. This could reduce the levels of open disagreement at Board meetings that portray a negative image of the Combined Authority to the public, government, partners and business.
- 6.77 Such a forum could be created through a reenvisioned Leaders Strategy Meeting and can be supported not only by Combined Authority Officers but also by the proposed Chief Executives Group, Chief Executives could be assigned key workstreams to develop consensus across the region as required in support. This idea was tested at Leaders Strategy Meeting in February 2022 and was supported by the Mayor and Leaders, as a result it has subsequently been added as an objective within the *Even Better* transformation project.
- 6.78 LSM at present attempts to fulfil role of pre-Board preparation and forum for strategic policy discussions and new ideas. The meeting of LSM in February 2022 indicated support for these roles being split out to ensure more focus on each specific requirement.
- 6.79 The *Even Better* project should seek to develop concrete proposals for this forum as soon as is possible ensuring that it also considers the potential benefits of wider membership from key stakeholders and clear rules of engagement for the forum to operate within. It is important that it makes clear that this is not a forum in which to make final decisions or to pre-determine decisions before they go to Board, but a place to debate ideas and proposals which would then enter the development and engagement phase.
- 6.80 A starter terms of reference for development has been provided to the Transformation Project and is attached at Appendix C.

Pre-Board Brief

- 6.81 We briefly referred to the Pre-Board process under culture and behaviours and the potential benefits of early, engaged review of future business and preparation for Board meetings. Having a dedicated meeting of Board Membership to review the forward plan, upcoming agenda items and preparations for Board meetings can deliver significant benefits to decision-making.
- 6.82 An effective Pre-Board process can remove surprises from Board agendas as the membership will know what is coming up and why. Such a process will also provide a key opportunity to give an early steer on required report content to inform decision-making to officers and can also act as a clearance for draft reports intended to be submitted to upcoming Board meetings.
- 6.83 Such a meeting would provide an opportunity for political ownership and review of the Forward Plan, this would allow Board members to challenge the inclusion of items on the forward plan as well as debate required inclusions. It would be important to have clear terms of reference to avoid debating items prior to the public Board meeting, avoiding any potential for pre-determination of items.

- 6.84 There is already a Pre-Publication meeting that provides an update on progress on the production of reports just prior to publication for the Board, this a meeting attended by the Mayor in their capacity as Chair of the Board to act as a final clearance prior to agenda dispatch. This meeting serves a different purpose to a Pre-Board Brief and it is proposed that it is maintained.
- 6.85 The Pre-Board Brief proposal for a more focused forum rather than the current LSM arrangement was tested at Leaders Strategy Meeting in February 2022 and was supported, it has also been universally supported during this review. As a result this has also been included as an objective within the **Even Better** transformation project.
- 6.86 A starter terms of reference for development has been provided to the Transformation Project and is attached at Appendix D. Such a meeting would not need to be held in person and could be supported virtually to limit travel and time commitment.

Illustration F - Potential Supporting Governance for Board



Committees

- 6.87 There are 3 thematic Executive Committees in operation at the Combined Authority plus the Employment Committee, Chairs of all 3 Executive Committees were engaged as part of the review to determine how those committees operated and what the key barriers were to them being effective and adding value. There was a clear consensus view that Executive Committees should:

- ☐ play a key role in the development of key thematic strategy
- ☐ have appropriate delegations to allow them to oversee delivery of key strategy
- ☐ ensure wider engagement with appropriate partners takes place
- ☐ play a key in the performance management of key activity and projects within that thematic area.

Strategy Role

- 6.88 The key barriers to fulfilling the roles set above according to Executive Committee chairs and supported through the views of Board membership were a lack of delegation to support decision-making and a lack of clarity on the strategic objectives of the Combined Authority.

- 6.89 Without a strategically focused board and clarity of committee delegations and responsibilities, it is easier for the focus of committees to drift into operational matters and for other issues to be considered in multiple places without a clear idea of the decision-making route. There was evidence of where this was happening. For instance, some chairs felt disconnected from the strategic level structure and were uncertain how their decisions, issues or ideas could reach, inform and influence strategy. The inevitable conclusion for some committees is therefore an experience of not being involved or valued. Item 4
- 6.90 Having a more strategic Board as mentioned previously in the report provides a clear opportunity to empower executive committees with the responsibility for developing key thematic strategy. This role already exists within the CPCA framework, with each committee able to utilise subject matter focus to develop strategy proposals for Board to consider and approve. The key change therefore is ensuring that once approved by Board the delivery of the strategy returns to the Executive Committee with responsibility for overseeing delivery.
- 6.91 A delivery oversight role does also exist at present with action plans, performance reports and key projects reviewed by committees, particularly the Skills Committee. However these committees do not currently have the supporting delegation to allow them to make key decisions in support of strategy.

Delegations

- 6.92 Executive Committees could be given delegation to allow them to make approvals, develop policy and take decisions to deliver a relevant strategy. Key officers, Chairs and other Board Members agreed with the view that wider delegations were required at committees to both empower them, make better use of thematic specific membership and expertise and to free up the Board for a more strategic focus.
- 6.93 Consideration could therefore be given to providing delegations from the Board to relevant Executive Committees for the approval of schemes that have already been included within the Medium Term Financial Plan and therefore already agreed for development by the Board.
- 6.94 This would empower the Executive Committees to approve the drawdown of funds rather than having to debate, consider, and then make a recommendation to the Board for further consideration. This could be further extended to other approvals if the Board has already agreed a budget for the delivery of programmes/ projects.
- 6.95 It would also provide the Executive Committees with an ability to make approval decisions that would assist delivery of key strategy that they are empowered to oversee delivery of.
- 6.96 There is also an opportunity to provide delegation to Executive Committees for the approval of recurrent funding streams such as the Adult Education Budget, this would empower the Executive Committees and reduce transactional business going to Board.
- 6.97 The *Even Better* transformation project could examine approval levels and decisions that could be delegated down to Exec Committee level which would help create a more strategic focus at Board.
- 6.98 Empowering the Executive Committees with such delegations would require greater trust within the decision-making process, clarity of objectives and roles, co-production values and approaches and utilisation of officer expertise can assist in delivering this trust.

Thematics

- 6.99 The thematic areas reflected in the Executive Committees ideally should be based upon the key responsibilities and the strategic objectives of the Combined Authority, these have clearly changed since the current structure was created.

- 6.100 We have already referred to the need for clarity on the strategic objectives, once this clarity is confirmed by the Board they may wish to consider a structure best suited to delivery. The detail below however seeks to provide suggestion on what the structure could involve.
- 6.101 The responsibilities around Housing have changed after the Government funded Affordable Housing Programme came to an end in March 2022, as a result the Combined Authority needs to determine where it can add value regarding Housing and Communities moving forward. A report is going to Board in June 2022 regarding the proposed role of the Combined Authority in supporting the future delivery of housing and to consider its future role in relation to community housing.
- 6.102 The majority view ascertained through the review was that there is no longer a need for a specific Executive Committee for Housing and Communities, however there was agreement that there was a housing role vital for the Combined Authority to seek to fill. That being a focus on infrastructure in order to support Constituent Councils in building houses, such a role would see the Combined Authority act as an 'unblocker' to provide access to potential developments.
- 6.103 There is also a regional role (and wider) for the Combined Authority as the accountable body for the Greater South East Net Zero Hub, this leads to the potential role it can play in a regional topic like the retrofitting of the housing stock via LAD2 and the sustainable warmth programme.
- 6.104 When asked what is the gap in the Combined Authority governance structure as part of the review, voting Board Members returned several consistent answers:
- ☐ Strategic regional planning on key items
 - ☐ Regional Spatial Strategy support
 - ☐ Sustainable growth
 - ☐ Greater economy focus
 - ☐ Integration
- 6.105 Strategic regional planning references the potential housing role above for the Combined Authority to focus on infrastructure from a housing perspective, it also relates with Regional Spatial Strategy. Long term planning approaches and strategies have been developed by each Constituent Authority but not in a regional context, the Combined Authority could play a significant role in developing a regional approach and providing advice and support to Constituents.
- 6.106 The West of England Combined Authority Spatial Development Strategy is an example of what could be achieved, noting that CPCA does not currently have the necessary powers that West of England and some others have. The Mayor can however produce a Strategic Spatial Plan which would need to be approved by the Board.
- 6.107 In line with the creation of a more strategic Board these thematic areas could become part of the Boards focus moving forward, it could be supported on such matters by the reenvisioned Leaders Strategy Meeting, Chief Executives Group and the Cambridgeshire Public Service Board on key strategic matters.
- 6.108 The alternative would to create a focused Executive Committee that could develop policy and strategy proposals on such matters for the Board to consider, this would create an opportunity to consider these matters in a focused way alongside Transport and Infrastructure.
- 6.109 Infrastructure and Transport is key to strategic planning, as are the housing roles mentioned above, examining policy and strategy for these themes under one committee could potentially help drive greater consideration of integration and prevent silo working or silo strategy development. Creating such a thematic focus would be ambitious but it would provide an opportunity for further focus on

big ticket regional items including broadband connectivity, developing strategy proposals for Board consideration and reducing the burden of business at Board meetings.

- 6.110 The downside of such a proposal would be the potential burden of business on the newly created Executive Committee where there is already sufficient business on transport matters alone.
- 6.111 Sustainable growth which can now be supported through the Sustainable Growth Ambition Statement could potentially cover:
- ☐ Sustainability support
 - ☐ Inclusive Growth
 - ☐ Climate Change
 - ☐ Biodiversity
 - ☐ Water Supply
 - ☐ Learning from large corporations sustainability initiatives
 - ☐ Supporting Small Business with sustainability initiatives
- 6.112 This would provide an opportunity for further focus on big ticket regional items such as Water Supply which again would help with the burden of business at Combined Authority Board, as well as placing a wider focus on the SGAS.
- 6.113 A need to place a greater focus on the economy was another theme raised in the review that it was felt if addressed could lead to more effective decision-making. This has been highlighted already within the report with reference to the West Midlands approach of creating an Economic Growth Committee, the development of the SGAS has created a wider focus on economic objectives that will also place more focus on economy at the Combined Authority Board.
- 6.114 The Combined Authority needs to consider if keeping this economic focus at board level or creating an Economic Growth Committee would best meet its needs. The West Midlands approach was taken in order to:
- ☐ Provide focused and political leadership on the development of a regional approach to inclusive economic growth policies and plans, including the development and delivery of regional economic strategies, policies and plans, to be agreed with CA Board where appropriate
 - ☐ Lead on the delivery of a West Midlands Jobs Plan, ensuring local communities are linked to new jobs and opportunities
 - ☐ Provide regional support to businesses, including the implementation of a new business support programme
 - ☐ Develop regional innovation strategy and supporting programmes
 - ☐ Ensure that economic strategy, and interventions flowing from it, are underpinned by a robust evidence base (including that derived from key sectors and places) which is reviewed and updated on a regular basis
 - ☐ To consider and advise upon major policy change within the portfolio
 - ☐ Provide leadership in developing an approach to future devolution of powers from Government to the region on matters of economic growth

- 6.115 The final point above is one that should be considered as a requirement at all Executive Committees in relation to respective thematic areas. Item 4
- 6.116 A selection of proposed options for a governance structure that reflects the content above is attached at Appendix E to assist with considerations.

Support

- 6.117 In the 'Governance as an enabler' section of this report I refer to the potential benefits of increased co-production and collaboration that could be brought through closer working between Combined Authority Officers and Constituent Council Officers. I also refer to the importance of informal governance mechanisms and benefits of adopting steering committees to support Executive Committees.
- 6.118 The recommendation made is that the principle of 'steering committees' consisting of appropriate Constituent Council lead officers be set up to support formal Combined Authority Committees (other than Board and Regulatory Committees) be adopted.
- 6.119 The ***Even Better*** transformation project has the development of informal governance mechanisms as a workstream and will look to develop more detailed proposals, it is recommended that it takes note of this report when doing so.
- 6.120 A selection of proposed options for a governance structure that illustrates steering groups is attached at Appendix E to assist with considerations.

Operation

- 6.121 Council Leaders are already busy individuals with significant demands placed upon them through their Constituent Council roles. Although a move back to bi-monthly Board meetings supported by a more strategic workload should reduce the burden of business at Board meetings, Leaders will also be committing time to attendance and preparation for the proposed Pre-Board Brief and the reenvisioned Leaders Strategy Meeting.
- 6.122 It is important to consider that Constituent Leaders have busy roles within their constituent authorities but that they also have a commitment to provide required space for Combined Authority business. The position that the Combined Authority currently finds itself in requires collective leadership and effort from all of its parts, especially its constituent membership. Whilst appreciating the busy roles and commitment already provided Leaders may wish to consider how they can provide additional time to Combined Authority business whilst officers considered how to make more effective use of the time that is provided.
- 6.123 Benefits of engaging wider Constituent Councillor membership is referred to earlier in this report. Other than increasing engagement, widening out the membership of Executive Committees so that they are based on the relevant Lead Members from within each constituent authority would provide portfolio specific knowledge, expertise and engagement between the Combined Authority and Constituent Councils.

Business Board

- 6.124 The Levelling Up White Paper signalled an end to the Local Enterprise Partnerships (LEPs) review, with a conclusion that the Government is encouraging the integration of LEPs with Mayoral Combined Authorities (MCAs). The White Paper states that ***"Government is encouraging the integration of LEPs and their business boards into MCAs, the GLA and County Deals, where these exist."***

- 6.125 The White Paper further states that *“The UK Government recognises the convening power of these groups and is committed to working with stakeholders to strengthen and deepen partnership working to drive local growth.”* Item 4
- 6.126 CPCA is already ahead of the curve as it has already integrated its LEP arrangements into its governance function through the Business Board.
- 6.127 This review was not tasked with consideration of the LEP review, however it notes that Business Boards are the preferred model of Governance. Government guidance advises that Business Boards should have an advisory, consultative role, as well as a degree of independence from the political process. There should also be an open recruitment of Business Board membership.
- 6.128 The Business Board was commented on through interviews with all Leaders and the Mayor, all of whom provided consistent feedback on the current Business Board arrangements to levelling degrees. This feedback had several consistent themes, those being:
- ☐ There was a perception that the Business Board operated without sufficient oversight and transparency
 - ☐ Constituent Council officers were rarely invited to Business Board which created perception of disconnection and lack of inclusivity
 - ☐ Political discomfort existed at Business Board role of signing off the expenditure of public money
 - ☐ Quoracy is perceived to be an issue
 - ☐ Public engagement is perceived to be an issue, particularly around the process for public questions
- 6.129 As mentioned above this review was not tasked with consideration of the LEP review and the timeframe did not allow for detailed consideration of the Levelling Up White Paper, consideration on how to address perceptions above should be considered as part of a more detailed analysis of the future role of the Business Board.
- 6.130 What is clear however is that politically the Business Board is seen to best serve the Combined Authority as an advisory and consultative body, the key question therefore is what is the future role of the Business Board in relation to Economic Growth?
- 6.131 As this review did not go into detail reviewing supporting documentation and operation of the Business Board it cannot provide a view on the points raised above, other than to identify that there is a disconnect between Constituent Leaders and the functions of the Business board.
- 6.132 I understand that the Business Board itself is developing proposals for the Board to consider regarding its future role, the Combined Authority should work closely with the Business Board in developing this work further. A lot will depend on how the Board wish to proceed in creating a greater economic focus on its work and what governance structure it requires to support that focus. This is picked up in the potential options for the governance framework detailed in Appendix E.

Overview & Scrutiny

- 6.133 The review of Overview and Scrutiny Committee agendas, its work programme and evidence provided to this review indicates that Overview and Scrutiny has not yet established its role and place within the Combined Authority. This places it in a similar position to Overview and Scrutiny functions at other Combined Authorities, Greater Manchester Combined Authority has commissioned a review by the Centre for Governance & Scrutiny to help identify value adding roles for the function in a specific Greater Manchester setting. CPCA would benefit from taking a similar approach of seeking to identify its scrutiny identify in its Combined Authority context.

- 6.134 The function is not year clear on how best to deliver accountability of the Mayor and of decision-making, although it has held Mayor question time sessions it would benefit from developing this process so roles and responsibilities are understood. The Committee has considered strategic items such as the devolution deal which is a positive step towards Combined Authority scrutiny which should aim to be region specific and strategic.
- 6.135 In the CfGS guidance on combined authority scrutiny (2020), it states that:
- “Scrutiny in combined authorities is distinct to that in local authorities. Although legal powers and modes of operation are superficially similar, the demands of Mayoral Combined Authority (MCA) operations must lead to a significantly different approach”.*
- 6.136 This different approach needs to recognise that there is significant divergence in the needs and experiences of individual MCAs as well. There is no single model of effective MCA scrutiny, and as such effective models need to be built from the ground up. CfGS provided a critique of the function for CPCA in 2021 and made a number of recommendations to assist the function in its development, there is an action plan to deliver these recommendations which is being delivered and will help establish the function more generally.
- 6.137 Leaders and Officers felt that Overview & Scrutiny needed to be more focused on core issues in order to add value to the governance framework, the core issues given being challenging the development of strategic objectives/ priorities and examination of the Combined Authority purpose.
- 6.138 Establishing a role at Combined Authority level however is difficult when the Combined Authority objectives are not clear. Engagement has taken place with the Statutory Scrutiny Officer to discuss how to move the function forward and develop a CPCA scrutiny identity, with agreement that the Overview and Scrutiny Committee itself should take the lead in developing the function with a focus on:
- ☐ Identify the potential role scrutiny can play in a strategic context of the Combined Authority – how to play an active role in the development of big plans, policies and the budget, and in the way that the authority prioritises its work
 - ☐ How to deliver Combined Authority accountability for the region – how to provide proportionate and constructive challenge to the Mayor and wider Combined Authority, their activities and performance
 - ☐ How to create a scrutiny system which does not need to undergo fundamental review every few years, but one which can develop according to need. To do this Overview & Scrutiny needs to identify what are the key themes for Scrutiny in the CPCA context?
 - ☐ scrutiny will need to be seen by councillors, and others, as being a vital part of the local governance landscape at the Combined Authority – how do we make this happen?
- 6.139 During the course of the review it was suggested that there needed to be more Scrutiny Committees with comparisons made with Greater Manchester (4 committees) and West Midlands (2 committees). All other Mayoral Combined Authorities however have 1 scrutiny committee and until CPCA scrutiny establishes its role in a regional context I do not see a need for additional committees to be considered. West Midlands for example has established an additional transport focused scrutiny committee, this is because the function has agreed it has a specific regional transport accountability and challenge role to hold to account a vast transport function.
- 6.140 Other Combined Authorities have also undertaken Mayoral question time accountability sessions in order to hold the Mayor to account. This has taken place once to date at CPCA from a scrutiny perspective, the Chair of Overview an Scrutiny described the session as a good example of providing challenge to the Mayor. The Mayor during interviews for this review agreed that these

session were important to proving accountability and welcomed the potential for them to develop further.

- 6.141 Developing these sessions around key themes once established would be beneficial.
- 6.142 As Portfolio Leads at the Combined Authority develop to genuinely take a lead on portfolio matters the function should give consideration to how it can effectively hold them to account on specific portfolio matters and performance, linking to the established key themes of focus.
- 6.143 Consideration could be given to Scrutiny members being tasked (individually) to keep a watching brief on the transaction of business by portfolio holders. This might, for example, see a scrutiny member maintaining an ongoing awareness of work being carried out under the direction of a portfolio holders, supporting the scrutiny committee's work on both performance review and policy development.
- 6.144 There is a role for challenging budget scrutiny within a Combined Authority setting which has been attempted at CPCA, there is however room for improvement on the timing of budget scrutiny challenge and the information provided to scrutiny by officers. West Midlands have a specific Mayoral question time as part of the budget setting process , such a process at CPCA could assist in undertaking budget scrutiny and delivering Mayoral accountability.
- 6.145 We refer to the adoption of principles of decision-making in 5.28 to 5.34, these are generally considered within the call-in process at Local Authorities and Combined Authorities across the Country. If the principles are adopted then the call-in process should be updated to require an explanation of the reasons as to why the call-in is being requested, that reasoning should be based on providing a justification as to how the principles of effective decision-making have not been followed.
- 6.146 Such a step would bring the Combined Authority into line with established call-in procedures and enable the Monitoring Officer to consider call-ins from a process rather than a political perspective as at present the constitution does not require a call-in to justify reasoning in support.

Audit & Governance

- 6.147 The Audit and Governance Committee's role is to review the Combined Authority's financial affairs, internal control, corporate governance arrangements and risk management. The Committee is well respected within the Combined Authority and amongst its membership and the Chair in particular is considered to play a key role in driving its business.
- 6.148 Engagement with the Audit & Governance Committee itself and conversations with its Chair revealed a lack of clarity on where they felt they fitted into the overall operation of the Combined Authority and to what extent they should seek to access information such as performance data.
- 6.149 Set tasks were understood such as approving the annual statement of accounts, internal audit and external audit functions and analysis of corporate risk. From a governance perspective the Committee has reviewed the governance of training companies and has been involved in this review.
- 6.150 The Chair and Committee membership were less sure of what the role of the Committee was in relation to:
 - ☐ how to add value with oversight on Risk Management Strategy
 - ☐ oversight role in relation to the Assurance Framework in ensuring that it is being complied with and being developed
 - ☐ performance management oversight role and what data should be provided

- 6.151 The Combined Authority has established an Officer Group called Performance and Risk Committee (PARC), the committee's role is to ensure consistent and effective performance and risk management across the organisation in support of the Assurance Framework and Risk Management Strategy by:
- (i) reviewing, and identifying any areas of concern in, performance management
 - (ii) reviewing, and identifying areas of concern in, risk management
 - (iii) making recommendations to programme owners about issues requiring their attention,
 - (iv) escalating to the Executive Team and/or the Audit & Governance Committee issues requiring their attention.
- 6.152 The Committee's scope covers all projects/programmes where the Combined Authority has accountability for public money, including those agreed by the Board, by the Business Board, and funds managed on behalf of central government. Project Initiation Documents (PIDs) can be considered for approval, and a full lifecycle analysis of the Monitoring & Evaluation programme may include outcomes from closed projects. Exceptions include organisational and personal performance, change control, commercial issues, project/programme plans and stage gateway reviews other than closure.
- 6.153 PARC should have a clearly established link to the Audit & Governance Committee. The PARC terms of reference do refer to escalating issues to Audit & Governance, additional engagement should be undertaken with the Committee to ensure that membership understands the role of PARC and how it can best serve the committee in fulfilling its terms of reference.
- 6.154 Guidance and training to support the Audit & Governance Committee would be beneficial, particularly in utilising PARC moving forward. This could also be provided in regards to the Assurance Framework where the Committee currently receive reports on required updates for recommendation to Combined Authority Board.
- 6.155 The Audit & Governance Committee is required to annually review the assurance framework to ensure it adequately addresses risks and priorities including governance arrangements of significant partnerships, this role should be developed further to ensure that the Assurance Framework is in line with best practice and is being complied with.
- 6.156 The equivalent committee at West Midlands Combined Authority has a more significant role in regards to the Assurance Framework. It not only oversaw the development of a Single Assurance Framework approach that applies to all funding, it also receives from the Programme Assurance & Appraisal Team quarterly assurance thematic performance information to provide oversight of the transition to the Single Assurance Framework and the compliance of projects and programmes with required standards.

Behaviours

- 6.157 The Audit & Governance Committee also has a code of conduct responsibility, that being:
- ☐ Ensure the Combined Authority has effective policies and processes in place to ensure high standards of conduct by its Members and Co-opted Members;
 - ☐ Assisting the Members and Co-opted Members to observe the Code of Conduct;
 - ☐ Advising the Combined Authority on the adoption or revision of the Code of Conduct and monitor its operation;
 - ☐ Advising on training and overseeing the effectiveness of any training for Members and Co-opted Members on matters relating to the Code of Conduct;

- 6.158 Given the issues regarding behaviour at Combined Authority Board meetings it is surprising that the Committee has not included behaviours on their work programme or been engaged to assist in member observation of the Code of Conduct and/or advise on related training. **Item 4**

Ongoing Progress

- 6.159 It is important to reference ongoing progress within the Combined Authority to address some of the matters raised in this section of the report, these include:
- ☐ Endorsement from LSM for the creation of a more strategically focused Board
 - ☐ Endorsement from LSM for the creation of a focused pre-Board brief process and meeting
 - ☐ Endorsement from LSM for the creation of a safe strategic policy space for Board membership
 - ☐ Paper to be taken to June meeting of Board on future of the Housing & Committees function
 - ☐ Creation of the Performance and Risk Committee
 - ☐ Review already undertaken by Centre for Governance & Scrutiny of scrutiny function with action plan for improvement

Conclusion summary

Identified improvements will only happen with strong and visible collective leadership supported by a commitment from all parties towards improvement. Central to this are the required foundations and fundamentals set out earlier in this report, without improvements here the governance framework can only deliver so far.

The governance framework can improve and deliver significant benefits, the Board should consider the wide range of observations and conclusions within the report in order to enhance the framework as well as the numerous recommendations.

The governance structure itself needs to be simple, supported, with clarity on roles and capable of adding real value to the decision-making process. The Mayoral role requires clarity in regards to their priorities and how these impact overall objectives, additionally the Mayor should be supported through governance to develop their policy agenda.

A more strategically focused Board needs to be able to focus on its core role and regional big ticket items, with enhanced support through a Pre-Board Brief and strategy support through a reenvisioned LSM.

Consideration needs to be given to empowering executive committees with clarity of role supported by trusted delegations, creating appropriate focus on the economy, utilising supporting steering committees and developing co-production approaches across partnerships. Possible governance structure options are set out for the Board to consider in support.

The Scrutiny function would benefit from the identification of regional scrutiny themes directly related to the Combined Authority objectives and developing its ability to deliver accountability. Scrutiny's role should be recognised as twofold – firstly, to contribute to policy development in respect of high profile, complex issues affecting the whole of the region, and secondly to review and evaluate the performance of the Mayor and Combined Authority, and the way it works with its partners to deliver for local people.

Audit & Governance Committee can too enhance its role in a number of areas such as performance and compliance.

Recommendations

Item 4

- 20 Combined Authority Board and Executive Team give consideration to the conclusions and issues raised within the Governance Framework section of this report and produce an action plan in response**
- 21 The Combined Authority Board reverts to a bi-monthly cycle with an amended terms of reference designed to place a more strategic focus on its business, noting the conclusions and suggestions made within this report**
- 22 A Pre-Board brief meeting and process be developed and established at the earliest opportunity through the *Even Better* transformation project, noting the conclusions and suggestions made within this report**
- 23 Leaders Strategy Meeting be reenvisioned to take on the role set out under Strategic Growth Forum in section 6.75 to 6.80 of this report**
- 24 The Combined Authority develops an Executive Committee recommendation template (as part of a pack) for inclusion in Board papers, to ease the process of considering Executive Committee recommendations and reduce paperwork**
- 25 The Combined Authority Board considers how it wishes to place more of a focus on delivery of its Economic Strategy and the Sustainable Growth Ambition Statement, either through the Board itself or by creating an Economic Growth Executive Committee with responsibility for the delivery of the Economic Growth Strategy**
- 26 Consideration be given to providing delegations from the Board to relevant Executive Committees for the approval of schemes that have already been budgeted for and approved for development and delivery, empowering those Committees to own delivery of key thematic strategy**
- 27 *Even Better* Transformation Project reviews wider approvals that could be delegated down to Executive Committees**
- 28 The Combined Authority give consideration to creating a Member Friendly report template, specific to the needs and identify of the Combined Authority, focused on providing the right information to inform effective decision-making**
- 29 The Combined Authority Board considers its voting arrangements in regards to the Business Board representative and wider**
- 30 Consideration be given to the future role of the Business Board, taking into account the Levelling Up White Paper, the future governance framework and the content of this report**
- 31 The Combined Authority Overview & Scrutiny Committee is engaged to identify requirements for reporting in a scrutiny context**
- 32 The Overview & Scrutiny Committee place developing the function and its identity in a Combined Authority context at the centre of its 2022/23 work programme, examining the 4 workstreams identified within this review.**

- 33 The Scrutiny Call-in process as detailed in the Constitution be updated to require justification for a call-in request in line with the principles of decision-making**
- 34 The Combined Authority Board give consideration to amending the thematic focus of its Executive Committees taking into account the conclusions set out in 6.87 to 6.123**
- 35 Support for Audit & Governance Committee be enhanced to ensure clear links exist between the role and information provided to PARC and the Committee**
- 36 The role of Audit & Governance Committee be clarified in regards to performance management and what information it requires to undertake this role**
- 37 The role of the Audit & Governance Committee be enhanced as it applies to the Assurance Framework to ensure that it includes oversight of compliance with the Assurance Framework and best practice development.**
- 38 Audit & Governance Committee be provided with training on its financial management role, key associated skills and how this fits into the Combined Authority context**
- 39 The Combined Authority give consideration to the various options for its governance structure as set out in Appendix E**

Governance Process

- 7.1 There are a number of process improvements that the Combined Authority can consider that will help deliver improvements and support conclusions and recommendations detailed above.
- 7.2 The first of these relates to Mayoral support. The review notes issues with previous support provided through the Mayoral Office and the current commitment to provide recruitment to key Mayoral Office positions, however the existing level of support provided by the Combined Authority to the Mayor is not sufficient to help deliver some of the fundamentals identified in this report.

Pre-Board Brief Process

- 7.3 If adopted the new Pre-Board Brief process can help deliver significant benefits, the *Even Better* transformation project has already been tasked with developing this and associated process. In doing so they should ensure that:
 - ☐ Adequate agenda setting takes place well in advance of Board meetings
 - ☐ There is political input into report requirements particularly from Portfolio Leads
 - ☐ The Mayor as Chair of the Board signs off agenda packs supported by senior officers signing off the quality and content of reports produced by their business areas, this may require amending the Directors Schedule meeting as at present it is attended by officers at too junior a level
 - ☐ Business Board clearance table model for reports prior to agenda dispatch was seen as an example of internal good practice

Post-Meeting Process

Item 4

- 7.4 Improvements need to be made to process following Board and Committees in relation to actions. Actions are reported to Executive Team however there are regular examples of ownership not being taken for actions to be responded to and reported back.
- 7.5 Committee Services support reported having to invest considerable time into chasing actions, who the leads are for actions and getting responses cleared as a result. They also reported actions going back to Board and Committees that were often prepared by junior officers without senior officer clearance.
- 7.6 Regular review of actions has now become accepted practice at Executive Team, ensuring that senior officers be assigned responsibility for ensuring actions are responded to sits with the Executive Team to deliver.

Forward plan

- 7.7 We have already referred to the importance of the Forward Plan and the current issues with its use and completion. Early identification though this review of lack of ownership and challenge of the Forward Plan led to early changes being made inside the Combined Authority, this involved amended deadlines for additions by officers and review of the Forward Plan by the Executive Team to ensure appropriate challenge was being delivered by officers to added content. Subsequently the Forward Plan would then be reviewed by the Mayor and then considered at LSM before sign off.
- 7.8 The above process should ensure senior officer and political challenge to the content of the Forward Plan and examining why something has been added and if it is necessary, noting a need to list all key decisions. This trialled process should therefore continue but with more vigour from both officers and politicians to iron out continuing issues such as officers not meeting addition deadlines.

Mayoral Decision Notices/ Officer Decision Notices

- 7.9 The review briefly examined the existing process for the production, agreement and publishing of decision notices, particularly given issues with Mayoral Decision Notices not being published on the Combined Authority website. Following review, all signed off Mayoral and Officer Decision Notices have now been published on the website and the transparency pages of the website have been improved to make them more accessible and visible.
- 7.10 There are however wider issues with the current Decision Notice process which places certain responsibilities on the Governance Team rather than the business area leading on the notice. For example chasing of procurement/ finance/ legal information and completion of notices has been left to Governance, along with examples of wider completion of the notices themselves. It is important for consistency and quality that those leading within business areas see through completion of their notices and only provide them to Governance once they have been completed and approved.
- 7.11 Additionally there has been no set timeframe for the publishing of approved notices on the website, engagement with other Mayoral Combined Authorities revealed a standard practice of publication within 3 working days of being received. In order to deliver this it has been proposed that Governance take on the publication role from Communications and publish directly themselves using the Committee Management system. This will provide clarity on roles and also allow Governance to then inform Board and the Overview and Scrutiny Committee when key decisions in particular have been taken.
- 7.12 Without notification it is impossible for the Overview and Scrutiny function to conduct the call-in function which is a key scrutiny function and power. Directly informing the Overview & Scrutiny Committee of decisions should take place within 3 working days of the decision - noting that any key decision of the Mayor, Combined Authority Board, executive committees or an Officer may be

implemented after 5.00pm of the fifth clear working day after the publication of the decision, unless it is called-in. Item 4

7.13 Directly informing Overview and Scrutiny Members ensures that they have as much time as is possible and are aware to consider key decisions for call-in.

7.14 An amended Mayoral Decision Notice and Officer Decision Notice process is detailed in Appendix F.

Reporting

7.15 We have already referred to the need to improve reporting to the Board and elsewhere in this review, in particular the information that is required by decision-makers in order to allow them to consider the required information to make an effective decision.

7.16 There is also a need to examine reporting process. Committee Services and the Governance Team have been engaged as part of this review, they identified the following regular issues in relation to reporting from within the Combined Authority:

- ☐ Deadlines missed
- ☐ Lack of business area engagement in responding to report queries
- ☐ Significant chasing required by Committee Services and Governance Team often without response from business areas
- ☐ No updates provided on report production prior to agenda dispatch from certain business areas - *"sometimes the first time you know the report is definitely going ahead is when final version turns up at the deadline"*
- ☐ Report templates are not always followed and appendices are not always submitted with the report
- ☐ Getting report implications completed can take time
- ☐ Authors often provide reports without implications and leave it to Committee Services to chase them

7.17 Committee Services stated that having a 'governance lead' identified in each business area would enable them to engage more effectively on reporting requirements and agenda drafting, such a link would also be beneficial in chasing up post-meeting actions. Issues were reported by Committee Services with knowing who to contact for governance matters within business areas due to the large level of staff turnover, having a lead would hopefully address such an issue.

Minutes Approach

7.18 At present the Board has taken an approach of requiring near verbatim minutes to be produced for its meetings, a similar approach is reflected at other committees across the Combined Authority. This is out of sync with the approach taken at the Constituent Councils within the Combined Authority in all but one case and is not an approach supported at other Combined Authorities.

7.19 Good minutes are recognised as being brief, accurate and precise, providing clear answers to the questions of how, when, why, and by whom the decisions were made. Guidance provided by the Institute for Good Governance and the ICSA (Chartered Governance Institute) state that minutes should not be a verbatim record but should summarise key points and focus on the decision. The reason for the decision should be documented and include sufficient background information for future reference.

7.20 It has also been reported to this review that Minute sign off is an issue for Board and Committees at the Combined Authority. Improvements in Mayoral support staff and having a business area governance lead are seen as ways to rectify the current difficulties that exist.

Committee Services

Item 4

- 7.21 Good quality Committee Services are key to supporting an efficient and effective governance framework, committee services are currently provided by the Combined Authority Governance Team and through a service level agreement with Cambridgeshire County Councils Democratic Services Team.
- 7.22 We have referred to improvements with the pre and post meeting process, decision notices, forward plan ownership, reporting, business area leads and minute taking above. All of these will assist with the smooth operation of the committee services function.
- 7.23 Workshops with current providers as part of this review also identified concerns regarding the governance and political awareness of Combined Authority staff, this links to the 'governance understanding' conclusions detailed in this report. Concerns were expressed that officers were not aware of the decision-making process, the reporting cycle and its requirements and the local government act requirements for reporting.
- 7.24 Concerns were also expressed about the political awareness of officers, referring to a lack of knowledge around the political make-up, positions and personalities within the Combined Authority. 2 staff lunch and learn sessions delivered by the Governance Team in 2022 also identified these shortcomings which could be overcome through additional training, wider information and informed induction for new staff.

Ongoing Progress

- 7.25 It is important to reference ongoing progress within the Combined Authority to address some of the matters raised in this section of the report such as the Executive Team taking ownership for internal review of the Forward Plan.

Recommendations

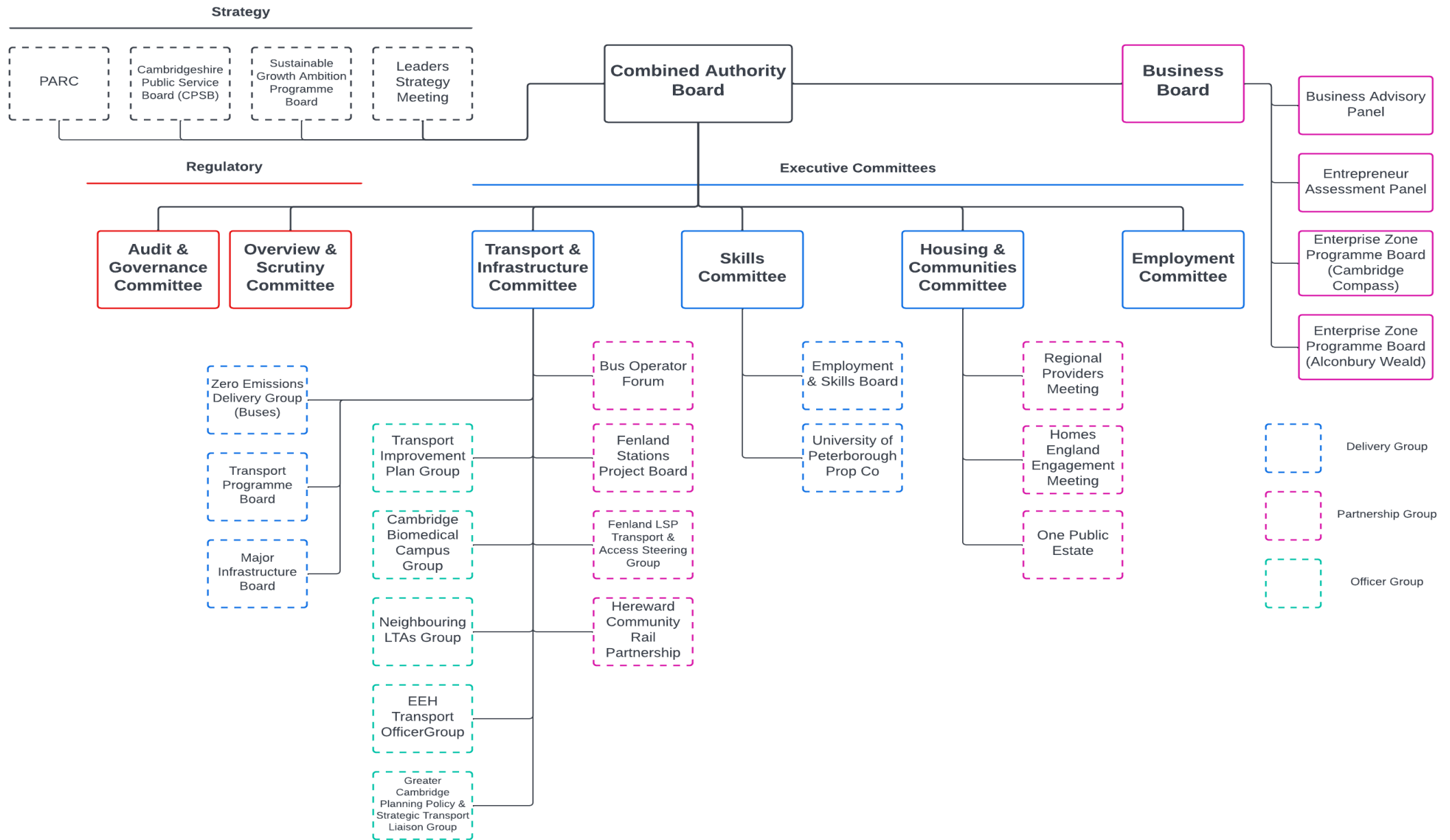
- 40 Combined Authority Board and Executive Team give consideration to the conclusions and issues raised within the Governance Process section of this report and produce an action plan in response**
- 41 The Combined Authority Executive Team takes responsibility for ensuring appropriate officer responses to Board and Committee actions**
- 42 The Forward Plan process trialled since January 2022 be continued to ensure appropriate Political and Senior Officer ownership and oversight**
- 43 The process for Mayoral Decision Notices and Officer Decision Notices set out in Appendix F be adopted**
- 44 Each Combined Authority Business Area designate an officer to act as Governance Lead, acting as the point of contact with Governance Services and Committee Services on Board and Committee requirements**
- 45 The Combined Authority Executive Team considers how to improve organisational culture in regards to meeting governance requirements and delivering good governance behaviours**
- 46 The Combined Authority adopts its approach to minute taking at Board and Committees in line with the conclusions within this report, moving away from verbatim record of meetings to a more focused summarised approach**

Next Steps

Item 4

- 8.1 The conclusions and recommendations within this report have been developed based on the evidence provided and collected through the review, they are made in the context of the current position (November 2021 to May 2022) that the Combined Authority finds itself in both politically and organisationally. The conclusions and recommendations are based around identification of key areas for improvement.
- 8.2 As a result they are intended to be considered as a starting point based in this context under the assumption that the Combined Authority will continually review the key themes identified within the report and seek to establish and build upon strong governance foundations.
- 8.3 The expectation would be that the Combined Authority considers the content of the report and develops an action plan setting out its response, noting that not all issues raised or conclusions made necessarily have a subsequent recommendation for improvement.
- 8.4 The review has not been tasked with an examination of the Combined Authority's internal systems of control, if the Combined Authority seeks to undertake such a review it is propose that it focuses on the following areas:
- ❑ Core internal systems of control
 - Performance Management Framework
 - Finance Reporting
 - Risk Management Strategy
 - Internal reporting and escalation processes
 - Internal good governance behaviours
 - ❑ Investment Decision-Making
 - Assurance Framework
 - One Organisation approach
 - Political oversight
 - Golden thread between strategic objectives and project/ programme pipelines
 - Monitoring and Evaluation regime

Appendix A: Full existing CPCA Governance Map



Appendix B: Example Report template

Item 4



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No:

Add Report Title here:

To:	<i>Which Board/ Committee is this going to</i>
Meeting Date:	<i>Insert date of consideration</i>
Public Report:	<i>Is this a public/ confidential/ exempt report – provide required justifications</i>
Lead Member:	<i>Who is the Lead Member for this report</i>
Responsible Officer:	<i>Who is the responsible officer for this portfolio/ business area</i>
Lead Officer:	<i>Who is the lead officer for this report</i>
Key Decision:	<i>Is this a key decision</i>
Recommendations:	<i>Insert details of the recommendations</i>
Voting Arrangements:	<i>What are the voting arrangements for consideration of this item</i>
Report has been considered by:	<i>Has this report been considered by other Committees or advisory bodies</i>
Purpose:	<i>Set out the ask and reasons for the ask, you should be able to read just the purpose and the recommendations and know what the report is about and the decision(s) required</i>
Strategic Objective(s):	<i>Set out details of the relevant strategic objective(s) the proposal fits under to maintain clear golden thread</i>
Background:	<i>Set out the background to the proposal, including a timeline of previous decisions taken</i>
Proposal:	<i>Set out in clear language the proposal and key detail</i>
Alternative Options:	<i>Set out the alternative options considered and reasons why they were not proposed</i>
Engagement:	<i>Who has been engaged in the production of the proposal made within this report</i>
Implications:	<i>Set out the implications (legal/ finance etc), opportunity to include SGAS specific implications</i>
Background Papers:	<i>Provide links to all background papers</i>
Appendices:	<i>Provide links to all appendices</i>

Appendix C: Reenvisaged Leaders Strategy Meeting – starter terms of reference



CAMBRIDGESHIRE & PETERBOROUGH
COMBINED AUTHORITY

[insert title]

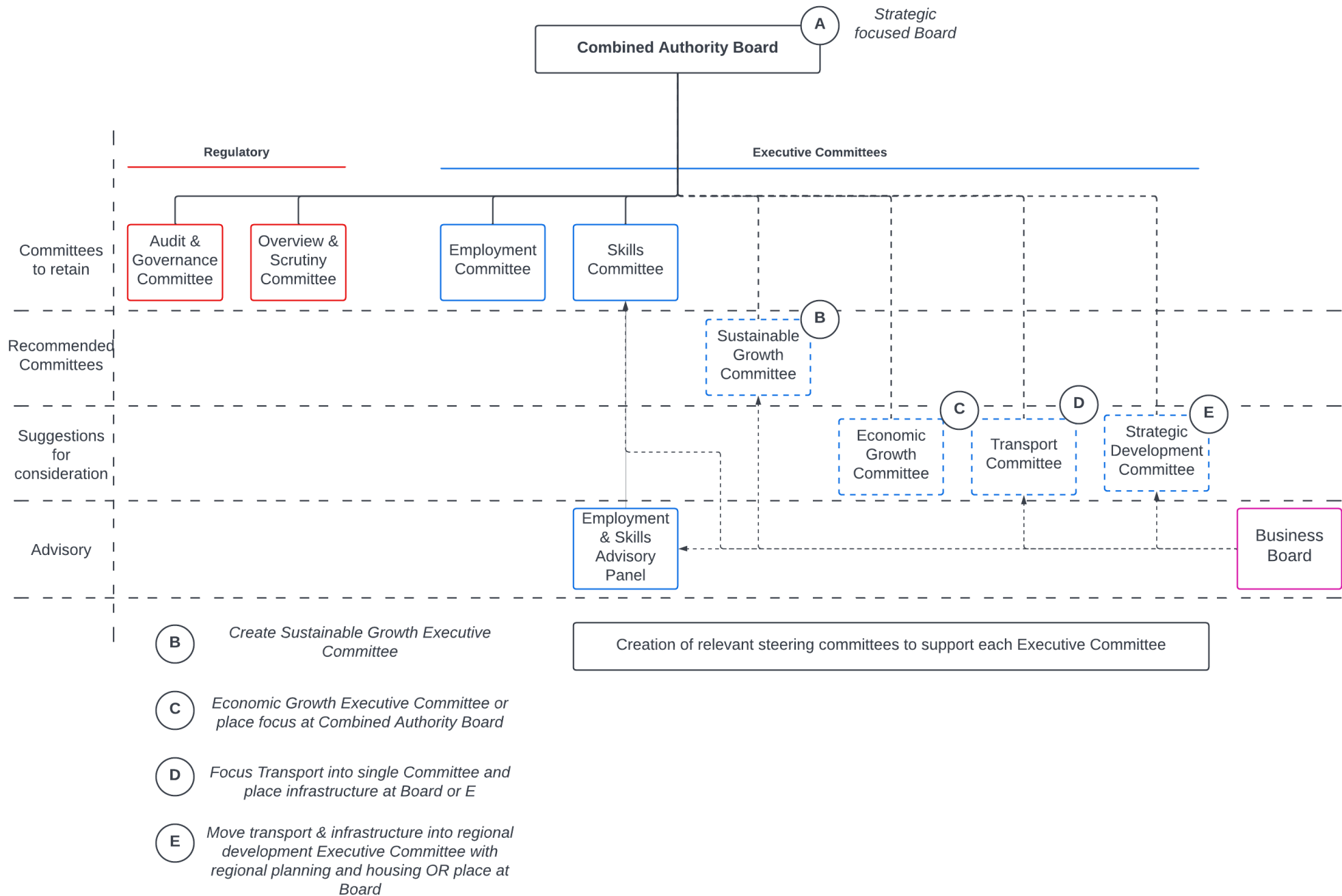
Purpose	To act as the political policy and strategy development forum for the Combined Authority
Accountability	Accountable to the Combined Authority Board
Membership	<i>List CA Board Members</i> <i>What about external partners and stakeholders?</i> <i>What about CA and Constituent Officers?</i>
Chair	The Mayor as Chair of the Combined Authority Board will Chair the Strategic Growth Forum
Frequency	The Forum will meet on a monthly cycle
Support	Support is provided through the Combined Authority Executive Team and the Combined Authority Chief Executives Group
Servicing	<i>Who will provide servicing arrangements covering coordination and development of agenda, papers and actions?</i> CPCA and Constituent Council Officers will support the Forum as required on appropriate workstreams.
Functions	<ul style="list-style-type: none"> <input type="checkbox"/> Provide an informal opportunity for the region's political leadership to meet and discuss matters of shared interest <input type="checkbox"/> Receive briefings on region-wide issues impacting Constituent Authorities of the CA and the CA itself <input type="checkbox"/> Provide an opportunity to 'horizon scan' potentially contentious or difficult issues expected to arise in the medium term. <input type="checkbox"/> Debate, discuss and develop key Combined Authority strategy and policy direction <input type="checkbox"/> Discuss and agree devolution approach <input type="checkbox"/> Debate, discuss and develop the regional vision for Cambridgeshire and Peterborough



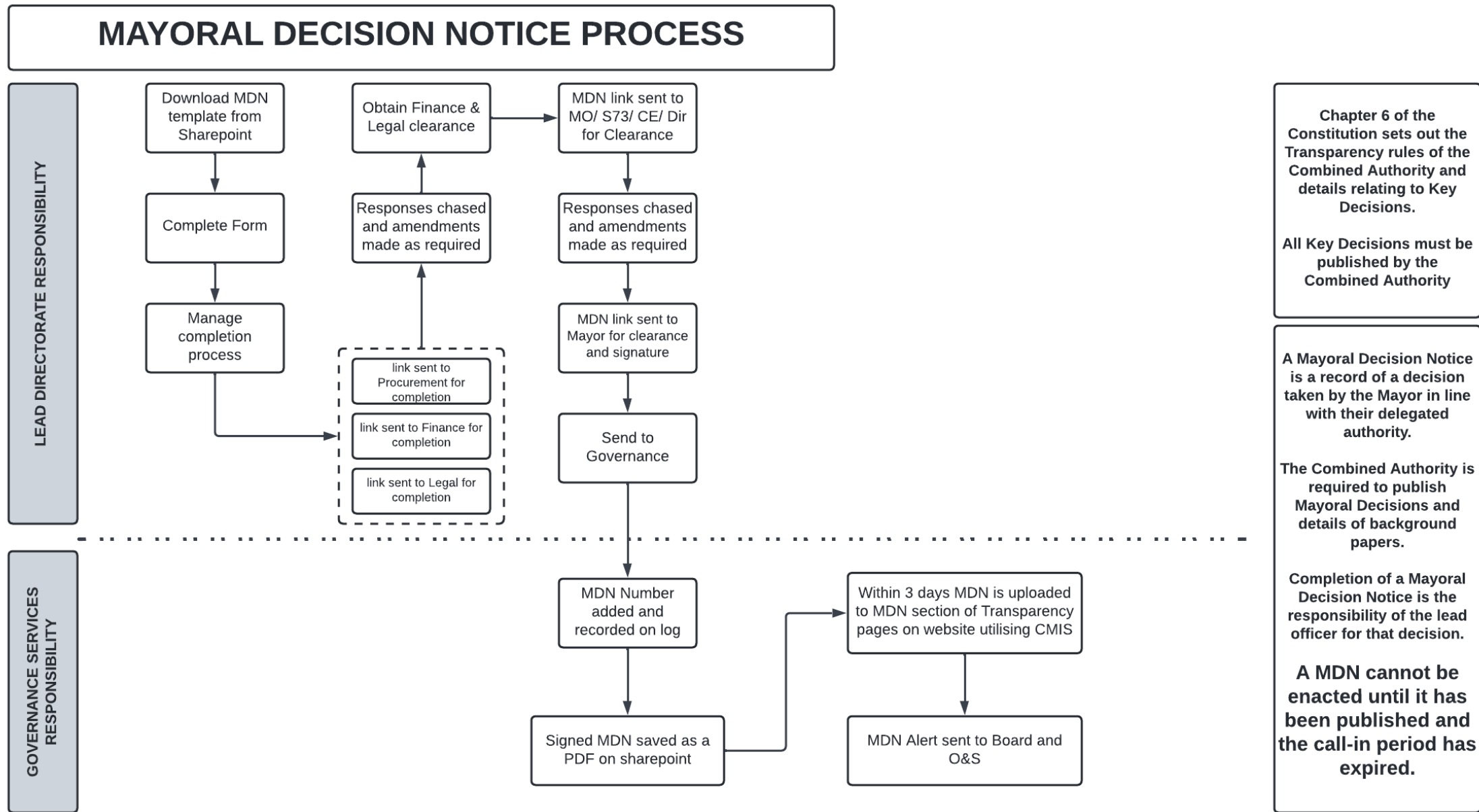
PRE-BOARD BRIEF

Purpose	To engage, brief and prepare Board Members
Accountability	Pre-Board Brief is part of the supporting arrangements in place at the Combined Authority to support the business of the Combined Authority Board
Membership	<i>List members of the Combined Authority Board</i>
Substitutes	Members of the Board can nominate one substitute to attend and act on their behalf, if they cannot attend. This needs to be agreed in advance with the Monitoring Officer
Chair	The Mayor as Chair of the Combined Authority Board is Chair of the Pre-Board Brief
Frequency	Pre-Board Brief will meet on a monthly cycle via Microsoft Teams
Quorum	Mayor plus 3 other Members of the Combined Authority Board
Servicing	The Combined Authority Governance Team working will support the Pre-Board Brief in terms of coordination, agenda, papers and actions
Functions	<ul style="list-style-type: none"> <input type="checkbox"/> To brief Board Members on upcoming Board agenda items <input type="checkbox"/> To engage Board Members in the production and content of Board reports prior to publication in order to provide an early steer to content and clearance of drafts <input type="checkbox"/> To owned and manage the Forward Plan <input type="checkbox"/> To engage Board Members in key debates and discussion on topics before they are formally added to Forward Plan <input type="checkbox"/> To provide briefings and oversight of items considered at Executive Committees

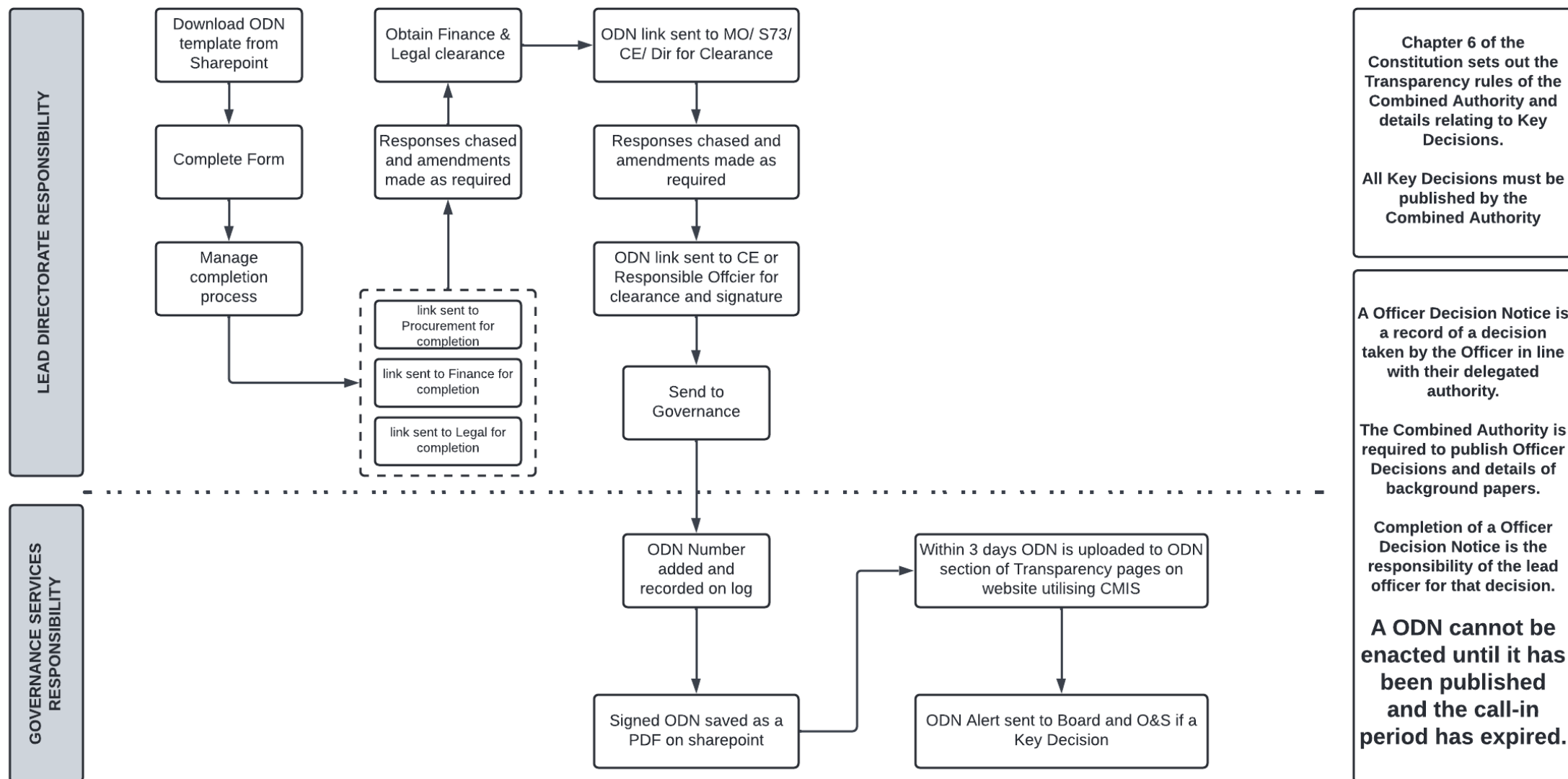
Appendix E: Governance Structure Options



Appendix F: Amended Mayoral and Officer Decision Notice Process chart



OFFICER DECISION NOTICE PROCESS



Agenda Item No: 5

Report title: Review of Corporate Risk Register & Risk Management Strategy

To: Audit and Governance Committee

Meeting Date: 29 July 2022

From: Chris Bolton
Head of Programme Management Office

Key decision: No

Recommendations: The Audit and Governance Committee is recommended to:

- a) Note the report.
- b) Approve that responsibility and resource for risk register reporting be moved across from the Governance team to the Programme Office

Voting arrangements: A simple majority of all Members present and voting

1. Purpose

- 1.1 The Audit and Governance Committee's terms of reference include monitoring the Combined Authority's risk management arrangements including the risk register.

2. Background

- 2.1 The Corporate Risk Register is populated by reference to individual project risk assessments and over-arching corporate risks and is reviewed by the Executive Team of the Combined Authority. Any risks which arise, or which become more significant between their meetings are escalated to the next Executive Team meeting.
- 2.3 In January 2021 the Combined Authority internal auditors RSM (UK) were commissioned to undertake a risk management pathfinder exercise to review the Cambridgeshire & Peterborough Combined Authority's (CPCA) approach to managing risk and suggest options as to how risk management could be strengthened. RSM (UK) examined the current Risk Strategy and risk reporting, and worked with the Executive Team, Governance and

Programme Office teams to ensure that the strategy represents an effective and efficient approach to dealing with risk that fits the needs of the Combined Authority.

- 2.4 The report, in final form, was presented at the Executive Team meeting on the 10 May 2022 and was presented to the Performance and Risk Committee (PARC), an internal officer group led by the Programme Office, incorporating the Chief Executive Officer and Executive Team, representatives from all directorates and officers from the Finance, Communications and Procurement teams, at its meeting on 18 May for comment and revisions.
- 2.5 The Pathfinder exercise has provided the Combined Authority with options to the approach of managing risk and how this can be developed and strengthened. This will include immediate changes that can be made as well as changes that may require greater time or resources to develop.
- 2.6 The Pathfinder report included nine actions, four of which have already been implemented, alongside an implementation timeline. The report recommends that the corporate risk register be refreshed as in its previous form it did not accurately describe the corporate risks the Authority faces. The Programme Office, working with the Executive team undertook a risk exercise on 8 March 2022 and is hoped that a similar exercise can be undertaken with the A&G Committee in due course.
- 2.7 The Executive Team agreed to seek the view of the Chairman of the Audit & Governance Committee and requested that an updated version of the Risk Register be brought to this meeting of the Committee. This is included at Appendix 1.
- 2.8 Risks are now monitored closely, in concert with the directorates, and with mitigations put in place.
- 2.9 This paper recommends that responsibility and resource for risk register reporting be moved across from the Governance team to the Programme Office. The Programme Office manages the reporting process for all projects, including directorate risk registers, and would seem the most appropriate office to manage the corporate risk register.
- 2.10 The final report of the Pathfinder is presented at Appendix 2. This has been shared with PARC, and it is intended (once formally adopted) that the revised Risk Strategy will be the subject of training for officers across the Combined Authority.

3. Financial Implications

- 3.1 There are no financial implications.

4. Legal Implications

- 4.1 There are no legal implications.

5. Appendices

5.1 Appendix 1: Updated Risk Register

Appendix 2: Pathfinder Report

Risk Title											Cause & Effect		Inherent Score	Risk Control		Residual Score	Action required				Risk cost	Target Score	
Risk Ref	Risk Title	Date Identified	Risk Type	Priority	Risk Owner	Risk Lead	Last Updated	Latest Review Date	Last Reviewed By	Last Review Comments	Cause	Effect	Inherent risk score	Control (mitigation action)	Control Owner	Residual risk score	Action	Person responsible	Date to be implemented by	Date action closed (if applicable)	Cost of risk control (£k)	Exclusion Required?	Target Risk score
1	Inflation	07/03/2022	Financial		Chief Finance Officer	PMO	06/07/2022	06/07/2022	PMO/CFO	Potential to split risk a) inflation core running costs, approx £10m staffing costs will be exceeded over time due to inflation b) inflation impact on programme delivery, delivery of strategic objectives. Our buying power decreases over time due to inflation, the ability to deliver strategic objectives impacted c) need to review all areas of the budget to reflect on individual project/programme exposure to inflation, and impact on neglected funding programmes d) we currently have a balanced and affordable budget for the period of the MTFF e) inflation is a key issue for our delivery partners, that they may be less likely to take on the inflation risks in fixed contracts.	RPI inflation may rise to 10% in the short term, staffing inflation is likely to be circa 4%.	a) One per cent of inflation = £200k off our spending power 1% inflation on annual Gateshead allocation of £20m = £200k.	21	a) Lobby government to highlight our position and what will happen without a more sustainable funding solution b) Project delivery - enter into fixed price contracts, i.e. transferring inflationary risk to contractors. c) Project delivery delays mitigated by active project management to minimise slippage d) Reconsideration of the use of CA powers to use financial freedoms. All of these issues will be built into the development of the 2023/24 budget and MTFF.	Chief Finance Officer	28	PMO to talk to finance	PMO				12	
2	Future funding	07/03/2022	Financial		Chief Finance Officer	Director of Delivery & Strategy	06/07/2022	06/07/2022	PMO/CFO	a) Lack of guaranteed future funding streams especially with existing streams coming to an end such as Transforming Cities Fund, housing investment funds and Local Growth Funding. b) Lack of 'broad funding' to support bids. c) Wilder financial pressures on Local Government impacting the ability of the area to deliver new projects. d) Lower than anticipated allocation of UK SFP to the area e) Reduction in Business Board funding. 1st July 2022, received notification from DLHFC that they have passed Mayor's Capacity Fund and LEP core funding for 2022/23. These and other funds may be at risk until such time as the CPCA has an improvement plan in place addressing concerns raised by ET to the satisfaction of DLHFC.	Effect financial stability of schemes. Impact on delivery on the devolution deal Pause on core funding could impact on the ability of the CPCA to make a balanced budget 2023/24.	a) Sharing risk with partners (how will we share risk with partners) b) Workshops with partners to work out alternative funding sources c) Liaison with government and M10 on opportunities created by LU white paper d) Reconsideration of the use of CA financial freedom powers e) Effective programme management to take into account funding deadlines f) Manage stakeholder expectations regarding CA resources available to deliver strategic objectives g) Board to action a plan to satisfy ET concerns leading to DLHFC to release funds	28	Under the leadership of the interim CEO an improvement plan is being developed as a response to DLHFC concerns.	PMO					13			
3	Workforce/HR	07/03/2022	Financial		HR	HR	06/07/2022	06/07/2022	HR	Current funding ending - temporary in nature	Impact of workforce potential job losses	17	a) Workforce planning - redeployment of staff / temporary contracts	HR	13	Recruitment register being discussed fortnightly at ET and is extended to include planned leavers to enable us to take a more strategic view on vacancies. Developing workforce strategies to align with Business Plan (this needs to be reviewed in context of improvement work)	HR	TBC				8	
4	Capacity	07/03/2022	People		HR	HR	06/07/2022	06/07/2022	HR	Not enough capacity in terms of stability of staffing, reduction of staff, and staff working beyond capacity for prolonged periods	Impact on capacity to deliver in a timely manner; turnover and knowledge loss; preparedness	20	a) Resource management strategy and workforce planning b) Pay policy review c) Transformation programme - aims to ensure resources in right place	HR	13	PMO to speak to HR						8	
5	Strategy gap	07/03/2022	Strategic		Director of Delivery & Strategy	PMO	08/07/2022	08/07/2022	PMO	Insufficient focus on priorities and their alignment to resources; - Lack of strategic agreement - Fitting resources against new strategies.	Not meeting strategic objectives as per devolution deal and associated performance measures.	24	a) agreement SGAS - agreed including Communication strategy - in preparation b) agreement Business Plan - June Board c) agreement performance metrics - agreed d) governance review - including informal policy guidance work e) potential CPFR refresh requires further board discussion f) CA Board Business Board workshops - one already held, next due in Sept g) Board member away days - two already held	Wider strategy team	18	Business plan agreed at June Board Further Business Board away day planned (28th July) Communication strategy discussed by ET, needs to be refined and implemented. New CEX Group has had an initial meeting. CEX Group will meet weekly.						3	
6	Information governance and security	07/03/2022	Governance		Chief Legal Officer	Legal	04/04/2022	04/04/2022	Legal	IT security Gaps in IT infrastructure.	Reputational damage, loss of systems or data, Information Commissioner's Office potential legal exposure and fines.	22	a) IT security testing plan b) Actions from the RISM IT Audit have now been substantially implemented including daily back up procedures, IT security standards being met and disaster plans recovery in place. Work is ongoing in relation to IT file structure and access privileges.	Legal	14	PMO to speak to legal						9	
7	Stakeholder loss of confidence	07/03/2022	Strategic		CEX	Director of Delivery & Strategy	08/07/2022	08/07/2022	PMO	Loss of Confidence in the organisation to be effective in the devolution context, not seen as reliable partner	Stakeholder/public risk around increasing fuel poverty, homelessness, demand for housing etc.	22	Building confidence with central government. Move to more structured decision making and delivery Improved communications between partners Developing an improvement plan with stakeholder involvement	CEX Office	13	Under the leadership of the interim CEO an improvement plan is being developed.						8	
8	Climate change	07/03/2022	Strategic		Strategy team		04/04/2022	04/04/2022	PMO	Changing national policy or new evidence requires compromise the deliverability of current projects or of the devolution deal objectives Change in government carbon calculations, water as an assessment tool	Government guidance changes leading to changes to project scopes and subsequent budget/programme increases.	13	Keeping Climate action plan up to date, keeping evidence base current. Maintaining independent climate change commission to provide advice. Maintaining effective networks and national and regional level to enable horizon scanning.	Director of Delivery & Strategy	8						4		
9	Public Health	07/03/2022	Strategic		Strategy team		04/04/2022	04/04/2022	PMO	Covid and possible future strains	Impact on project delivery timescales / resourcing. Staff absence in health, education and other parts of public service is rising and creating capacity issues.	20	Business continuity plan	HR	14							11	
10	Energy Hub	07/03/2022	Strategic		Business & Skills	PMO/AD Business	07/07/2022	07/07/2022	PMO/AD Business	Unsettled budget Issues with supply chain capacity following delays to programme have meant that the Energy Hub is unable to fully deliver the retrofit budget within the funding period to 30th June. On 18th June 2022 BEIS have informed the CPCA the delivery end date is 30th September 2022	E22m underpenned from LAD2 has been returned to BEIS on the 31st March 2022.	Continued discussion with BEIS with regards to supply chain development. ET includes on supply chain, 2nd mtg completion underway. By end of April there will be additional capacity to deliver materials until the end of June. BEIS have notified the CPCA of an agree extension to 30th September 2022. Alan Denton and Maevyn Northugh have approved the Energy on 18th June and going to Leaders on 22nd June 2022. A LAD 2 (GHG) board paper is going to the CA Board at end of June 2022. Sustainable Warming Programme - there is a high level of confidence in the delivery of the LAD 2 (GHG) (£47,000,000, in light of the LAD 2 (GHG)). The programme is being reassessed and will be presented to Leaders and the CA Board on 27th July 2022. A working group has been set up internally, involving the Business Board. The first workshop has taken place on 17th June and the next will be on 24th June. The Board is sharing the meeting. They are scheduled every 8 weeks. The purpose of the workshop is to look at opportunities to mitigate the issues and questions that are currently faced. For e.g. supply chain capacity / capability	AD Business	21					13				
11	University of Peterborough project	07/03/2022	Financial		Business & Skills		06/07/2022	06/07/2022	PMO/HR 9	Long term strategic review of CPCA involvement beyond phase 3 leading to the creation of an multi assetted campus is under review.	Concern over future financial liabilities and sustainability of the wider ARU Peterborough project.	Hampers the deliverability of the university vision and subsequent corporate reputational impact.	20	The wider CA finances are insulated from the performance of Prop Co 1 and Prop Co 2 & 3 no future expenditure being reliant on financial returns from Prop Co 1 or Prop Co 2	Head of Director	18	CPCA team arranging for ARU to have a leaders strategy session on the 18th August 2022 to discuss further vision and role in delivery Paper in Forward plans to Board in November 2022					13	

[illegible]



Cambridgeshire and Peterborough Combined Authority

Risk Management Pathfinder

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Risk Management Pathfinder

Introduction

The aim of this risk management pathfinder exercise is to provide options as to how Cambridgeshire & Peterborough Combined Authority's (CPCA) approach to managing risk can be developed and strengthened. In some cases these will be "quick wins" as well as changes that may require a greater period of time or resources to achieve.

The risk management pathfinder is not an audit, instead it involves a high level assessment of key documents leading to the creation of an output that can be used for discussion with the CPCA Executive Team. The risk management pathfinder by its nature is not an all encompassing review of risk management. Management of course may decide that a more detailed review is required to achieve the outcome required following completion of the risk management pathfinder exercise.

This pathfinder contains three separate segments:

- Risk Framework Components
- Capability & Expertise
- Risk Management Hierarchy & Reporting

The options and suggestions arising from the pathfinder exercise are based purely on the RSM's risk management advisory knowledge and experience of managing risk from across all sectors. There on, any further action is for management to decide. These suggestions have been developed into a Road Map which can be found on page 9 of this document.

It should be noted that following the adoption of any of the suggestions from this pathfinder review, it will be important for the organisation to update its risk management strategy to ensure that it is reflective of any changes to the framework .

Risk Management Pathfinder

Risk Framework Components

Ref:	RSM Challenge:	RSM Comments:	RSM Slide Ref:
1.	<i>The risk register format is conducive to the effective recording of risks and associated information</i>	<p>The current risk register template is comprehensive, and provides scope for key information to be captured. The organisation uses ‘cause and effect’ analysis fields to help breakdown the risk narrative so that context can be provided to the end users. This area could be developed further with some small amendments to the template to ensure that there is a ‘golden thread’ for each risk. i.e. from risk description, inherent risk score, controls, residual risk score, improvement actions etc.</p> <p>It should be noted that the risk register document itself should be viewed as a data repository and the information contained within, used to inform risk reporting that is tailored to its audience.</p> <p>Suggested Action: Revise the risk register template to ensure that the information for each risk flows in a logical manner and provides scope to capture any enhancements made regarding developments highlighted in this pathfinder, for example risk appetite and assurance mapping.</p>	Slide 13
2.	<i>There is an appropriate and effectively utilised risk scoring methodology</i>	<p>CPCA uses a multiplier scoring matrix which can lead to risk scores being unintentionally mis-leading. For example, one risk may have a score of impact 5, likelihood 1, equalling a score of 5, and another impact 1, likelihood 5, also equalling 5. These two risks have the same score, but would be managed very differently from a control, treatment plan and assurance perspective.</p> <p>By using a non multiplier scoring methodology, it ensures that risks are assessed appropriately with the emphasis on the level of impact for each risk. This model can allow for easier prioritisation, interpretation and avoid the example above occurring.</p> <p>There are limited descriptors for impact and likelihood within the scoring methodology. These could be enhanced to provide greater direction so that they assist in removing subjectivity around the scoring of the risks. For example, impacts for the following could be developed i.e. safety, quality, finance, regulatory, reputation.</p> <p>Suggested Action: Amend the impact and likelihood matrix to a ‘non-multiplier’ and develop descriptors for the impact scale to help the assessors and remove subjectivity.</p>	Slides 18, 19 and 20

Risk Management Pathfinder

Risk Framework Components

Ref:	RSM Challenge:	RSM Comments:	RSM Slide Ref:
3.	<i>There is a clearly defined and documented risk appetite statement</i>	<p>CPCA does not currently have a defined, Board agreed risk appetite in place. Putting a risk appetite approach in place, will assist management in understanding what level of risk is acceptable for different types of risk, meaning that management can more efficiently allocate and prioritise resources to mitigate risk to reach an acceptable risk score / exposure. For example, if a risk is deemed to be within its risk appetite, the challenge of whether or not further controls are required, should be made.</p> <p>This approach can then assist in driving a more dynamic risk reporting and monitoring approach, where risks which have lower appetites may receive greater visibility than those that the organisation is comfortable with.</p> <p>Suggested Action: Develop a risk appetite statement and methodology that links to the impact and likelihood assessment. This will aid decision making, prioritisation of resources and targeted reporting.</p>	Slides 22, 23 and 24
4.	<i>Key controls are mitigating actions are clearly identified for each risk</i>	<p>The existing risk register template includes clear fields for current controls and future controls. There are however instances where the current control area includes actions that are being undertaken. It is therefore unclear what controls currently exist to manage the risks and what actions are required to address gaps in the control environment.</p> <p>All individual actions should be assigned to a named individual, with an expected implementation date, with action owners providing and recording regular updates on progress. This will assist with risk reporting because reports with just an action description provide no real update to Committees and Board on how that action is progressing month on month.</p> <p>It should also be noted the residual risk score and risk appetite should be used as a gauge for whether or not further action is required. There are currently examples within the risk registers where the residual risk scores are green and there are a number of actions identified.</p> <p>Suggested Action: Review all actions or planned improvements to ensure that timescales are applied to encourage ownership and accountability. Ensure that these actions demonstrably mitigate the risk and are proportionate to the residual risk score and risk appetite applied.</p>	Slide 16

Risk Management Pathfinder

Risk Framework Components

Ref:	RSM Challenge:	RSM Comments:	RSM Slide Ref:
5.	<i>Assurances are mapped to the key control environment, providing visibility of control effectiveness.</i>	<p>Currently there is no formal assurance mechanism in place to capture the levels of confidence in the effectiveness of the control environment identified as part of the organisation’s corporate and directorate risk registers.</p> <p>A key development for CPCA as it moves forward will be to develop an ability to do this in a pragmatic and proportionate manner so that visibility of control effectiveness can be gained and reported on to the Audit and Governance Committee.</p> <p>By mapping assurances to the control environment for key risks, the organisation will be in a position to better inform its risk-based decision making and its allocation of resources moving forward. If proportionate to the risk exposure, assurance activity should be identified where assurances are not available / documented to ensure that a complete picture is obtained and weaknesses identified.</p> <p>One best practice method for capturing assurances is the adoption of the ‘three lines of defence’ model, where assurances are identified at different levels dependant up where the source has come from and the confidence it provides.</p> <p>This is not to say that assurances will be required or available for all controls or for all three lines of defence, as a proportionate approach is required, based upon the risk exposure and risk appetite for that risk.</p> <p>Suggested Action: Develop a proportionate assurance gathering mechanism for capturing and demonstrating the effectiveness of controls identified for the Corporate Risk Register risks. This should include not just the assurance source but also the effectiveness rating.</p>	Slides 14, 15 and 17

Risk Management Pathfinder

Capability & Expertise

Ref:	RSM Challenge:	RSM Comments:	RSM Slide Ref:
6.	<i>There is sufficient dedicated risk management expertise and resource to enable the risk framework to be effectively facilitated.</i>	<p>The CPCA currently has limited risk management expertise within the organisation. The risk management framework is currently administrated by three non-specialist individuals with no risk management experience. In order for the organisation to have an effective risk management framework and process in place it should consider filling this gap in specialist skills and experience.</p> <p>There are a several options available to the organisation to ensure that the appropriate level of skills and expertise are in place. However it should be ensured that the individual responsible for risk, and who is effectively the 'risk manager' has sufficient gravitas and seniority within the management hierarchy to engage and challenge individuals.</p> <p>If recruitment is undertaken, the position should be considered in terms of seniority, as the equivalent to a 'Head of Internal Audit' and have a similar set of skills and experience in terms of communication, and understanding of risk, with an appropriate or relevant qualification. It will also be important to ensure that practical experience in terms of risk and the sector are present. Our experience however has been that individuals soon become engrained within an organisation and fail to remain objective as they become part of the organisation. We have outlined an alternative option for management to consider on Slide 25 which would allow for risk management to remain independent of the organisation and provide an impartial view and scrutiny over the risk framework.</p> <p>Suggested Action: Consideration to be given as to the most appropriate channel to acquire specialist risk management expertise for CPCA to facilitate the risk management framework.</p>	Slide 25
7.	<i>There is a programme of risk management training in place to build capability within the organisation</i>	<p>On completion of enhancements to the CPCA risk management framework and updating of the risk management strategy, it will be key to engage with stakeholders. This should be done through developing an on-going cycle of risk management awareness training that is tailored to the audience, i.e. Board, Performance & Risk Committee to build risk management capability.</p> <p>Suggested Action: A risk management training programme should be developed and delivered that is tailored to suit the targeted group of individuals. i.e. Board, Audit & Governance Committee, staff.</p>	N/A

Risk Management Pathfinder

Risk Management Hierarchy & Reporting

Ref:	RSM Challenge:	RSM Comments:	RSM Slide Ref:
8.	<i>There is a clear and appropriate risk register structure that allows for risks to be considered at the appropriate levels. i.e. strategic vs operational</i>	<p>The CPCA has a Corporate Risk Register (CRR) in place that is supported by four 'Directorate' risk registers which are owned by each of the four Directors on the Executive Team. Based upon the organisational structure and a drive to ensure that the risk management approach is pragmatic and proportionate, this hierarchy of risk is considered appropriate.</p> <p>The current CRR contains 18 risks, of which 8 that are inherently amber and then, in turn residually green. Therefore challenge is required to assess whether or not these should remain on the CRR or be de-escalated to the appropriate directorate risk register or indeed closed if they are no-longer risks. A key focus for the CRR is that the risks contained within it are of top priority for the Executive Team and the Board, and are explicitly linked to the CPCA strategic objectives.</p> <p>Suggested Action: Refresh the existing CRR to align the risks to the CPCA objectives and major Board concerns, and rationalise the volume of risk information. A similar exercise should be undertaken for the Directorate risk registers to ensure that they are focused and relevant.</p>	Slides 11 and 12
9.	<i>Risk reporting is dynamic, visual and provides the appropriate information</i>	<p>Although risk reporting currently takes place to various forums within the governance structure, the reporting is not considered dynamic and lacking visual presentation, as it consists of reporting the risk register document in its existing guise. To ensure that risk reporting is meaningful to the end user and easy to understand, it is important to analyse and interpret the information within the risk registers and use this to inform risk reports that are tailored and appropriate for the audience.</p> <p>The recently formed Performance & Risk Committee has an agenda that lends itself to receiving the corporate risk and emerging directorate risk reporting. The Committee should be considered the 'engine room' to ensure that risk management is working effectively. This Committee could also facilitate a 'deep dive' programme, through which it can ensure that the control environment is in place for specific risks and that actions are being implemented in a timely manner and essentially being managed effectively.</p> <p>Suggested Action: Introduce new reporting formats that are focused on visual risk reporting, exception based indicators, escalation of directorate risks, trends and risk appetite. i.e. heat map. This should also incorporate a 'Deep Dive' programme of work looking at specific risks.</p>	Slides 14 and 21

Road Map



Indicated potential deadline for activity to be completed.

	Suggested Actions	Q1	Q2	Q3	Q4
1	Revise the risk register template, to ensure that the information for each risk flows in a logical manner and provides scope to capture any enhancements made regarding developments highlighted in this pathfinder, for example risk appetite and assurance mapping.				
2	Amend the impact and likelihood matrix to a 'non-multiplier' and develop descriptors for the impact scale to help the assessment of risks and remove subjectivity.				
3	Develop a risk appetite statement and methodology that links to the Impact and Probability assessment. This will aid decision making, prioritisation of resources and targeted reporting				
4	Review all actions or planned improvements to ensure that timescales are applied to encourage ownership and accountability. Ensure that these actions demonstrably mitigate the risk and are proportionate to the residual risk score and risk appetite applied.				
5	Develop a proportionate assurance gathering mechanism for capturing and demonstrating the effectiveness of controls identified for the Corporate Risk Register risks. This should include not just the assurance source but also the effectiveness rating.				
6	Consideration to be given as to the most appropriate channel to acquire specialist risk management expertise and input for CPCA to facilitate the risk framework				
7	A risk management training programme should be developed and delivered that is tailored to suit the targeted group of individuals. i.e. Board, Operational staff, Audit Committee.				
8	Refresh the existing CRR to align the risks to the CPCA objectives and major Board concerns, and rationalise the volume of risk information. When this refresh exercise has taken place, a similar exercise should be undertaken for the Directorate risk registers to ensure that they are focused and relevant.				
9	Introduce new reporting formats that are focused on visual risk reporting, exception based indicators, escalation of directorate risks, trends and risk appetite. i.e. heat map. This should also incorporate a 'Deep Dive' programme of work looking at specific risks.				

Risk Management Pathfinder

Slide Index: We have included some further guidance on the following slides (and referenced above) around risk management and the benefits it brings to an organisation, explaining various ways of improving and embedding risk management across CPCA

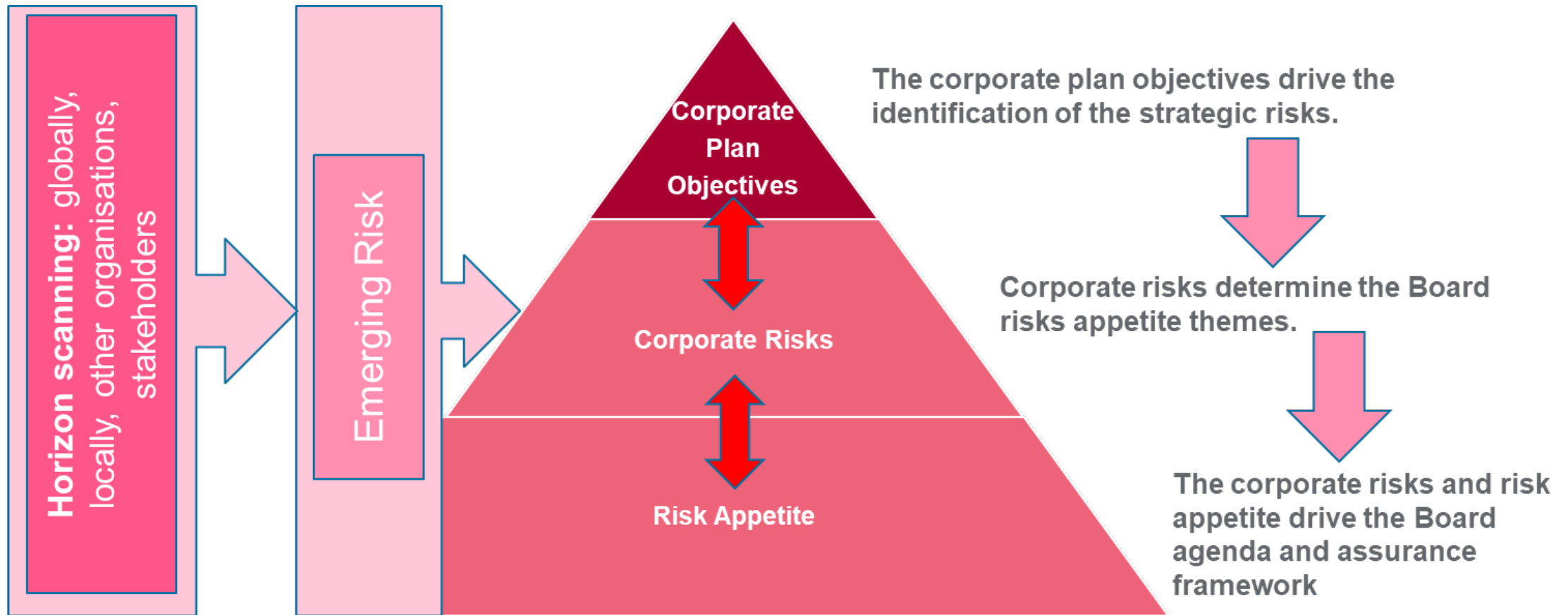
Slide Ref:	Explanation:
11	4 questions that can be asked what else might be drawn out in regards to identification of your strategic risks?
12	Demonstrating the relationship between strategic objectives, risk appetite and strategic risks.
13	Example of a standard risk register report (without assurances) that could be used for more operational areas to report their risks
14	Example of a Board Assurance Framework (BAF) report that includes the 3 lines of assurance that could be used for more detailed reporting to ET, Committees and Board
15	Example of an Assurance Report containing all references and assessments over the effectiveness of controls from 1 st , 2 nd and 3 rd lines of assurance
16	Example of an Actions Overdue report highlighting all actions associated to improving the management of a risk that are overdue and require updating
17	The 3 Lines of Assurance – explaining the process where you would seek to obtain evidence / assurance from Management, Oversight and Independent that the controls are working effectively.
18, 19, 20	Example of a 5x5 risk matrix including Impact and Likelihood descriptors that are used to ensure all risks are scored consistently using a set criteria
21	Example of a Heat Map that can be used to effectively position a key set of risks on a matrix to clearly show where each risk is positioned
22, 23 & 24	Risk Appetite – an introduction into how risk appetite can be developed using different levels, descriptions to report which risks sit within and outside of appetite.
25	Senior Independent Director – role outline

Risk Management Pathfinder

If the 4 questions were asked what else might be drawn out? – worst case, challenge, opportunity, emerging. The 4 questions below can be used to extract from the board / executive what are the risk appetite themes / strategic or corporate risks. If these were asked what would the responses be and how would these compare with current corporate risk register entries.

Question:	
1	Given the CPCA vision, mission and priorities, what would be the worst thing that CPCA could experience tomorrow or in the next 12 months? i.e. activities or events that you would want to potentially avoid e.g. a significant health and safety breach etc.
2	Given the CPCA vision, mission and priorities, what are the greatest challenges that CPCA faces in the next 12 to 24 months? i.e. activities or events that may occur with which you would want to engage or tackle in some way e.g. achieving digital transformation of services for users etc.
3	Given the CPCA vision, mission and priorities, what are the greatest opportunities that CPCA has in the next 12 to 36 months? i.e. activities or events that you would want to capitalize on or seek out e.g. Commercial growth through partnering and collaboration etc.
4	Given the CPCA vision, mission and priorities, what do you see as the emerging events or threats that could impact on CPCA either negatively or positively and that you believe should be watched i.e. those items still morphing or on the horizon e.g. climate change / environmental, Cov-Sars 21 etc.

Risk Management Pathfinder



Emerging risks will need to be monitored and kept in check.

Corporate risks enable the key controls to be identified and assurances mapped, creating a Board Assurance Framework.

Risk appetite themes will drive operational risk reporting – type of risk, volume, what is “in” and “outside” risk appetite.

Risk Management Pathfinder

Example: Standard Risk Report (No Assurances) using Risk R3

Strategic Risk Management Plan								
Risk Ref	Risk Title	Cause & Effect	Inherent Risk Score	Risk Control	Residual Risk Score	Action Required	Progress Notes	Target Risk Score
SRMP 1	College is unable to progress systems development and integration. Risk Owner: Craig Duff Risk Lead: Last Updated: 03 Nov 2021 Latest Review Date: 03 Nov 2021 Latest Review By: Craig Duff Last Review Comments: Risk discussed at Audit Committee and score reduced from 16 to 12 due to new controls added	Cause <ul style="list-style-type: none"> - Poor training and awareness - Lack of a Digital Strategy - IT Department - lack of skills and experience - Insufficient funding and investment Effect <ul style="list-style-type: none"> - Inefficient work practices - Opportunities for efficiency missed; - Resources wasted/unable to reallocate to growth areas - Increased costs - Seen as "old fashioned" by stakeholders. 	I = 4 L = 4 16	2018/19 Digital Leadership Programme raising awareness of the importance of digital culture across the college Control Owner: Matt Humphrey	I = 4 L = 3 12	Update the 2018/19 Digital Leadership Programme for 2022/23 to ensure the College continues to raise awareness of the importance of its digital culture Person Responsible: Craig Duff To be implemented by: 31 Jan 2022	03 Nov 2021 Craig Duff 1st Draft will be discussed at SLT during December 2021	I = 4 L = 2 8
				2019/20 - Launch of the Digital Strategy Control Owner: Craig Duff				
				Systems & Reporting improvement identified as a key component of revised Strategic Plan. Working Group established & continued additional investment for specialist resource with clear continuing priorities for data / reporting Control Owner: Duncan Short				
				Tribal Edge Learner journey and engagement app and software implemented from September 2019 onwards (SDConnect, online enrolments, ILP) Control Owner: Will Hollis				

Risk Management Pathfinder

Example: Board Assurance Framework Report

9b. Board Assurance Framework Acad / Staff											
Risk Ref	Risk Title	Cause & Effect	Inherent Risk Score	Risk Control	Control Assurance (Department)	Control Assurance (Management)	Control Assurance (Independent)	Overall Assurance Strength of Control	Residual Risk Score	Action Required	Progress Notes
STAFF 1	Insufficient staff development and retention Risk Owner: Mrs H Jones Risk Lead: Mr C Smith Last Updated: 04 Nov 2021 Latest Review Date: 02 Mar 2021 Latest Review By: Mr C Smith Last Review Comments: Risk reviewed at Team Meeting and no updates made	Cause - Appraisal and performance management arrangements are not consistent - Unable to provide appropriate training and development opportunities - Insufficient resources to deliver training - Can't get staff out of day job to deliver training Effect - Low standards of teaching and education. - High staff turnover / Shortage of staff. - Reputational damage - Difficulties in recruiting	I = 5 L = 5 25	Action Plans in place for all staff to further develop career Control Owner: Ms T Carter	All staff 1-1's carried out and reported into HR	HR report into Committee each meeting on progress	External Consultant used to support and review process	Adequate Assurance Date: 12 Jan 2021 Assurance By: Mr N Brown	I = 5 L = 2 10	Bring in an external HR specialist to undertake an independent survey across all staff on their views around the support and training. Person Responsible: Mr C Smith To be implemented by: 31 Jul 2021	25 May 2021 Ms T Carter Shortlist down to 3 - decision to be made end June 21 02 Mar 2021 Mr C Smith Contact has been made with a number of organisations and will discuss at next working group meeting March 2021
				All staff provided with personal training and development plan Control Owner: Mrs H Jones	Training and development plans reviewed termly with management and HR	Update report taken to Management Team termly	External staff survey results provided by ABC Ltd	Adequate Assurance Date: 12 Jan 2021 Assurance By: Mr N Brown		Ensure all staff appraisals are carried out annually in line with policy Person Responsible: Mr N Brown To be implemented by: 02 Aug 2021	25 May 2021 Ms T Carter Action on target and will be completed on time 12 Jan 2021 Mr N Brown 1st review carried out to determine who has not had an appraisal – action on track
				Annual Appraisal Processes in place for each member of staff that will include staff development plan that will be monitored throughout each year Control Owner: Mrs H Jones	All appraisals held centrally in HR and reviewed annually	Update report taken to Management Team termly	Internal Audit review of appraisals annually	Limited Assurance Date: 12 Jan 2021 Assurance By: Mr N Brown			
				Experienced in-house training and development team in place to support all staff on their specific needs. Control Owner: Mr C Smith	HR team includes mix of experienced and specialist staff to deliver the programme	Management team review the process ensuring we have the right skills mix in place	Internal Audit review carried out across the HR team including the effectiveness of the HR team to deliver the training	Substantial Assurance Date: 12 Jan 2021 Assurance By: Mr N Brown			

Risk Management Pathfinder

Example: 3 Lines of Assurance Report using Risk R3

Strategic Risk Management Plan															
Risk Ref	Risk Title	Risk Appetite	Inherent Risk Score	Residual Risk Score	Risk Control	Control Assurance (Department)	Department Assurance Owner	Department Strength of Control	Control Assurance (Management)	Management Assurance Owner	Management Strength of Control	Control Assurance (Independent)	Independent Assurance Owner	Independent Strength of Control	Overall Assurance Strength of Control
SRM P 1	College is unable to progress systems development and integration. Risk Owner: Craig Duff Risk Lead: Last Updated: 03 Nov 2021 Latest Review Date: 03 Nov 2021 Latest Review By: Craig Duff Last Review Comments: Risk discussed at Audit Committee and score reduced from 16 to 12 due to new controls added	IT Investment - Open 12+	I = 4 L = 4 16	I = 4 L = 3 12	2018/19 Digital Leadership Programme raising awareness of the importance of digital culture across the college Control Owner: Matt Humphrey	All training and awareness sessions evidence held by IT team and reviewed annually	Craig Duff	Substantial Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	CLT review progress against IT Strategy at least once a year at annual planning seminar.	Matt Humphrey	Adequate Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	RSM Internal Audit review June 2021	Duncan Short	Limited Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	Limited Assurance Date: 03 Nov 2021 Assurance By: Craig Duff
					2019/20 - Launch of the Digital Strategy Control Owner: Craig Duff	Head of IT reviews Digital Strategy annually with team	Craig Duff	Substantial Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	Digital Strategy taken to Senior Leadership Team annually for update and approval Report presented at September 2020 Audit Committee	Will Hollis	Substantial Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	RSM internal audit of Digital Strategy complete	Matt Humphrey	Substantial Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	Substantial Assurance Date: 03 Nov 2021 Assurance By: Craig Duff
					Systems & Reporting improvement identified as a key component of revised Strategic Plan. Working Group established & continued additional investment for specialist resource with clear continuing priorities for data / reporting Control Owner: Duncan Short	College dashboards launched in autumn term 2019 – well received with good user feedback	Duncan Short	Substantial Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	College dashboards reports discussed at IT working group and SLT monthly	Craig Duff	Adequate Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	Ofsted Inspection 2020 reviewed Strategic Plan	Matt Humphrey	Adequate Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	Adequate Assurance Date: 03 Nov 2021 Assurance By: Craig Duff
					Tribal Edge Learner journey and engagement app and software implemented from September 2019 onwards (SDConnect, online enrolments, ILP) Control Owner: Will Hollis	IT Team ensure Cross-college engagement with Tribal EBS and Microsoft Office 365 products remains on-going	Craig Duff	Adequate Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	Quarterly updates to SLT on progress made	Matt Humphrey	Substantial Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	External consultants used ad-hoc throughout the year to advise on progress made and any further recommendations	Duncan Short	Adequate Assurance Date: 03 Nov 2021 Assurance By: Craig Duff	Adequate Assurance Date: 03 Nov 2021 Assurance By: Craig Duff

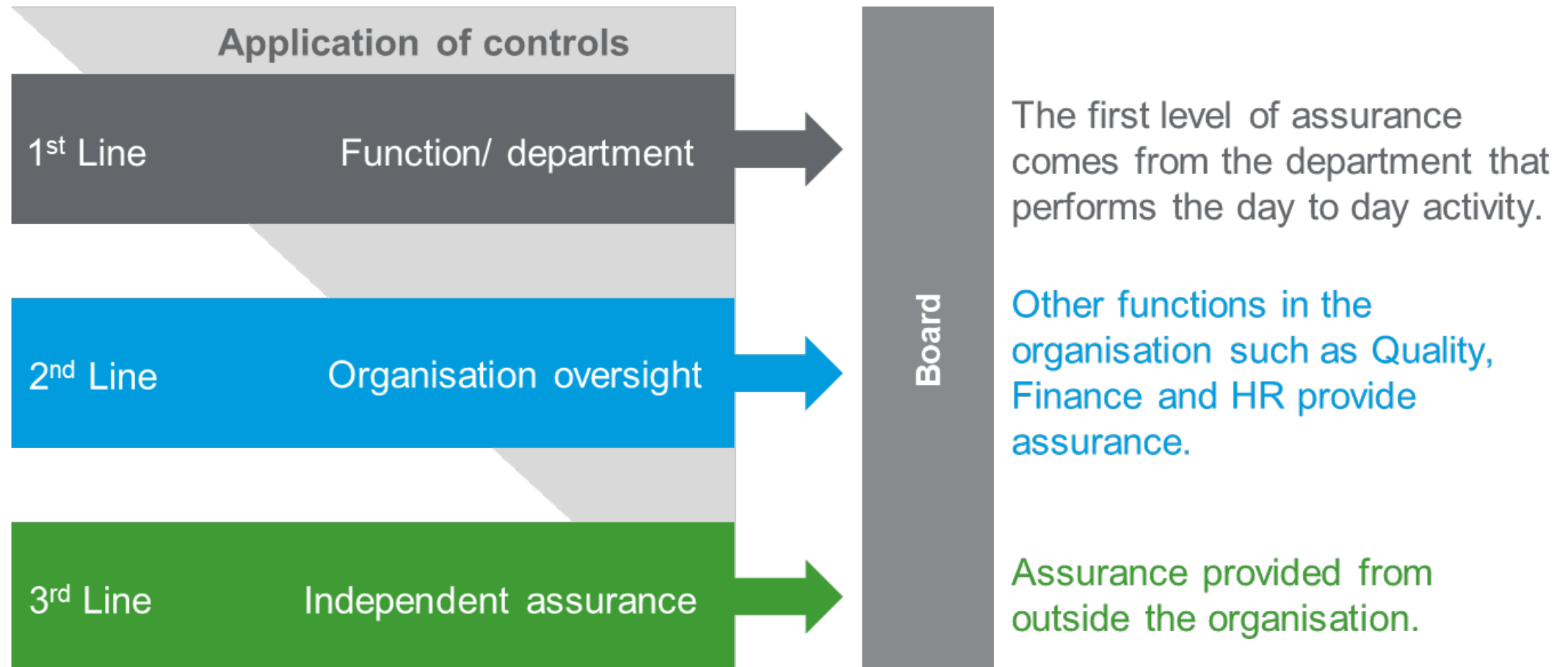
Risk Management Pathfinder

Example: Actions Overdue Report:

Risk Ref	Risk Title	Inherent Risk Score	Residual Risk Score	Action Required	Person Responsible	To be implemented by	Progress Notes	Target Risk Score
STR 1	Governance: Fail to ensure governance arrangements are accountable, appropriate & effective. Risk Owner: Craig Duff Risk Lead: Duncan Short Last Updated: 20 Oct 2021	I = 4 L = 4 16	I = 4 L = 2 8	1. Review and redraft the Terms of Reference for the Board and each of its Sub-Committee(s).	Duncan Short	31 Jul 2021	20 Oct 2021 Insight4GRC Support This is what is happening 21 Sep 2021 Craig Duff Action delayed at key member of staff has been on long-term sick.	I = 3 L = 1 3
STR 2	Failure to achieve growth, increase turnover and the diversity of the organisations services in order to keep working towards the mission statement. Risk Owner: Craig Duff Risk Lead: Duncan Short Last Updated: 22 Sep 2021	I = 5 L = 5 25	I = 5 L = 3 15	4. Following on from external review, Finance Team to ensure reports include month on month comparisons	Matt Humphrey	30 Sep 2021	27 Jul 2020 Craig Duff Action date agreed by group to extend to end Sept 20	I = 4 L = 2 8
STR 2	Failure to achieve growth, increase turnover and the diversity of the organisations services in order to keep working towards the mission statement. Risk Owner: Craig Duff Risk Lead: Duncan Short Last Updated: 22 Sep 2021	I = 5 L = 5 25	I = 5 L = 3 15	1. To appoint a Development Partner to help support our growth plans	Craig Duff	15 Oct 2021	28 Aug 2020 Craig Duff Action on target. Interviews to be held early September 02 Dec 2019 Craig Duff Date extended into end Jan 20 due to difficulties in trying to recruit	I = 4 L = 2 8

Risk Management Pathfinder

Making use of the assurances available



Risk Management Pathfinder

Example: Risk Matrix (Non-Multiplier)

Impact	5 Major	15	19	22	24	25
	4 Significant	10	14	18	21	23
	3 Moderate	6	9	13	17	20
	2 Minor	3	5	8	12	16
	1 Negligible	1	2	4	7	11
		1	2	3	4	5
		Rare	Unlikely	Possible	Likely	Almost Certain
Likelihood						

Risk Management Pathfinder

Example: Risk Impact Criteria / Definitions

Impact:	Safety	Reputation	Media Attitude	Legal Action	Direct Loss
5 - Critical	Potential to cause one or a number of fatalities. H&S breach causing serious fine, investigation, legal fees and possible stop notice.	Stakeholders / Third parties suffer major loss or cost.	Governmental or comparable political repercussions. Loss of confidence by public.	Action brought against The Group for significant breach.	Over £300,000
4 – Major	Serious risk or injury possibly leading to loss of life. H&S investigation resulting in investigation and loss of revenue.	Significant disruption and or Cost to Stakeholders / third parties.	Story in multiple media outlets and/or national TV main news over more than one day.	Law suit against for major breach with limited opportunity for settlement out of court	Between £50,000 and £300,000
3 – Moderate	High risk of injury, possibly serious. H&S standards insufficient / poor training.	A number of Stakeholders are aware and impacted by problems.	Critical article in Press or TV. Public criticism from industry body.	Probable settlement out of court	Between £10,000 and £50,000
2 - Minor	Small risk of minor injury. H&S policy not regularly reviewed.	Some external Stakeholders aware of the problem, but impact on is minimal.	Negative general article of which The Group is mentioned	Legal action with limited potential for decision against	Between £1,000 and £10,000
1 – Insignificant	No risk of injury. H&S compliant	External Stakeholders not impacted or aware of problem	No adverse media or trade press reporting.	Unsupported threat of legal action	Between £0 and £1,000

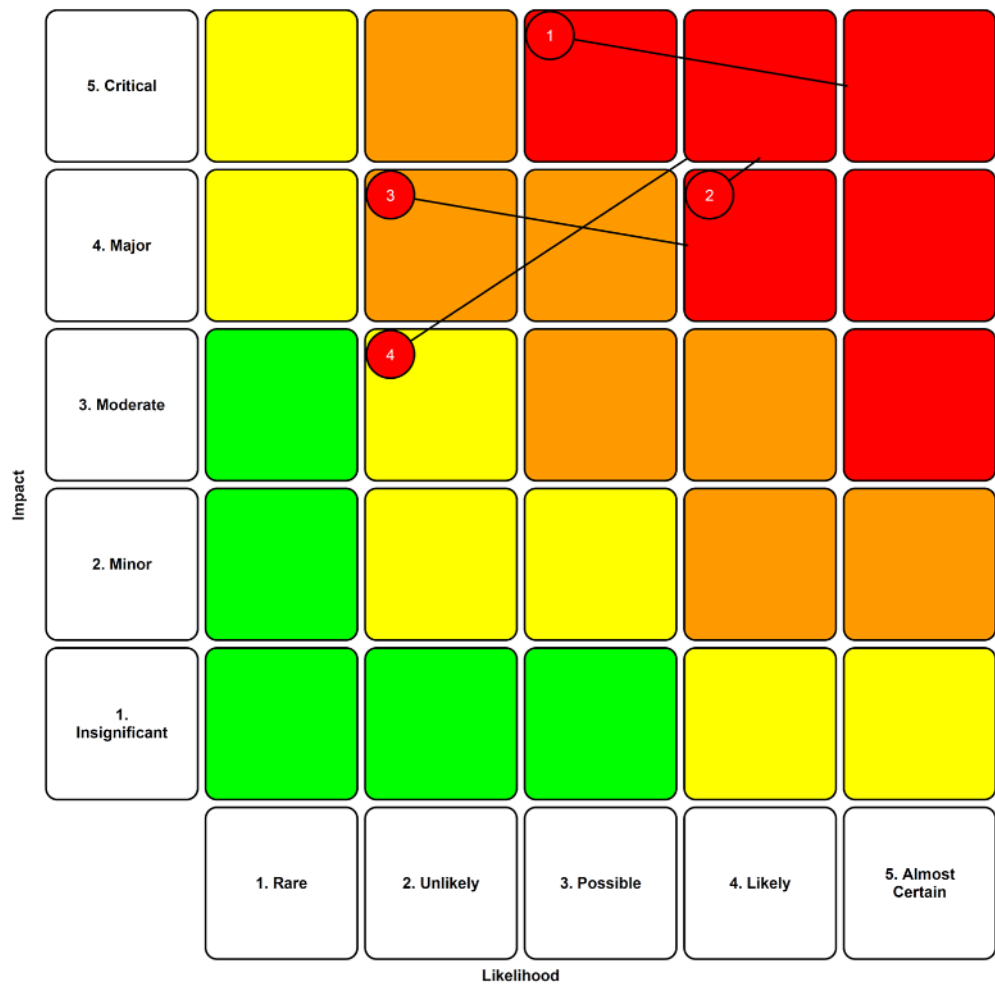
Risk Management Pathfinder

Example: Risk Likelihood Criteria / Definitions

Likelihood:	Description:
5. Almost Certain	<ul style="list-style-type: none"> • A history of it happening across the organisation • The event is expected to occur • 80% - 100% probability • Could occur within 1 month.
4. Likely	<ul style="list-style-type: none"> • Has happened across the organisation in the recent past • The event will probably occur in most circumstances • 60% -80% probability • Could occur within 6 months
3. Possible	<ul style="list-style-type: none"> • Has happened across the organisation in the past • The event should occur at some time • 40% - 60% probability • Could occur within 1 year
2. Unlikely	<ul style="list-style-type: none"> • May have happened across the organisation in the past • The event could occur at some time • 20% - 40% probability • Could occur within 1-3 years
1. Rare	<ul style="list-style-type: none"> • . No history of it happening across the organisation • The event may occur only in exceptional circumstances • < 20% probability • Could occur within 3 – 5 years

Risk Management Pathfinder

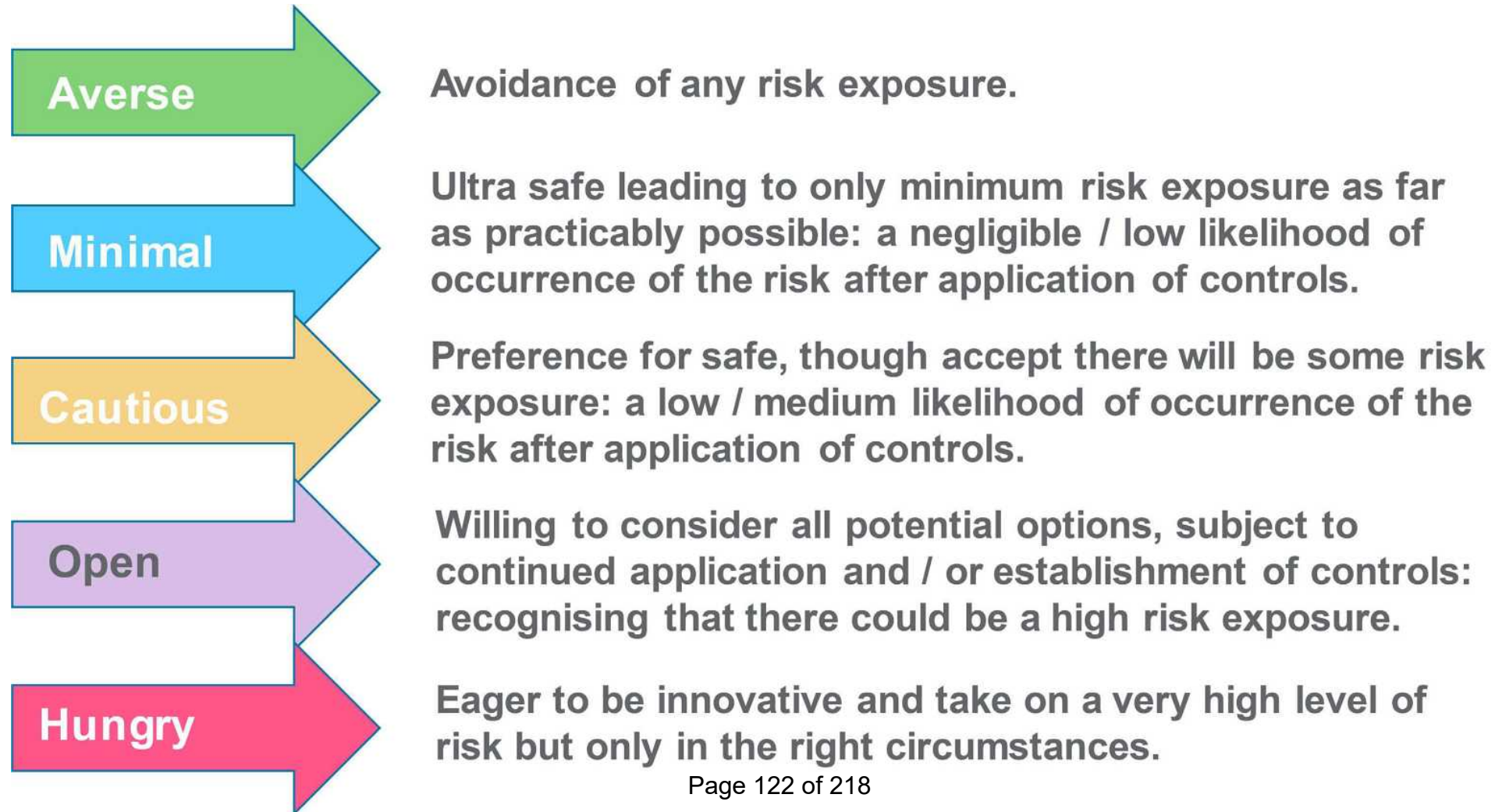
Example: Heat Map and Risk Details



Grid #	Risk Ref	Risk Title	Inherent Risk Score	Residual Risk Score	Target Risk Score
1	STR 2	Failure to achieve growth, increase turnover and the diversity of the organisations services in order to keep working towards the mission statement.	I = 5 L = 5 25	I = 5 L = 3 15	I = 4 L = 2 8
2	HR 2	Fail to recruit and retain staff	I = 5 L = 4 20	I = 4 L = 4 16	I = 1 L = 1 1
3	STR 1	Governance: Fail to ensure governance arrangements are accountable, appropriate & effective.	I = 4 L = 4 16	I = 4 L = 2 8	I = 3 L = 1 3
4	HR 1	Failure to recruit and retain good quality skilled staff.	I = 5 L = 4 20	I = 3 L = 2 6	I = 2 L = 1 2

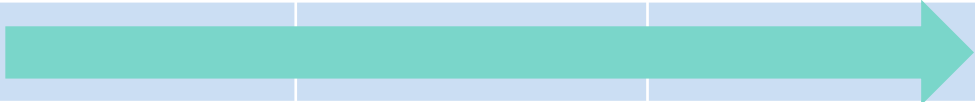
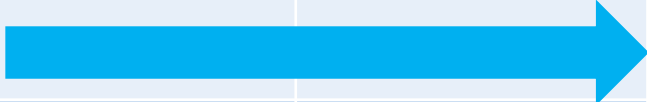
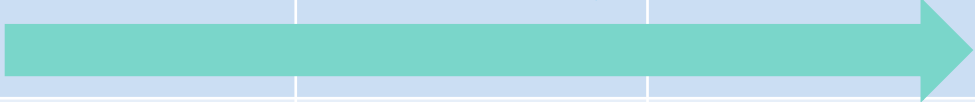
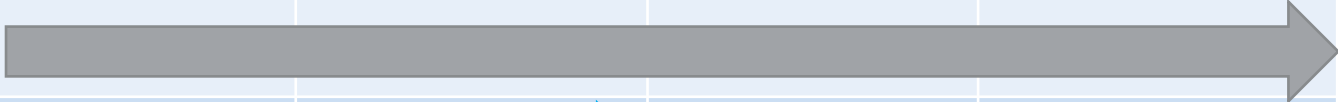
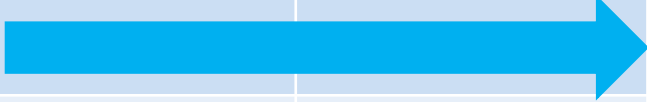
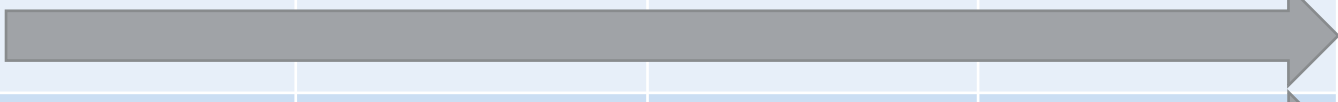
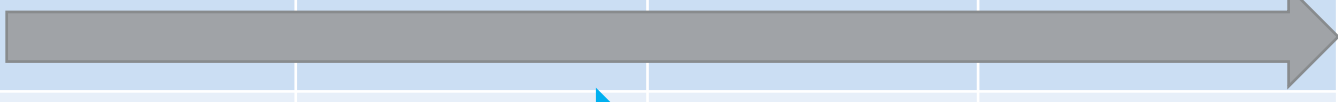
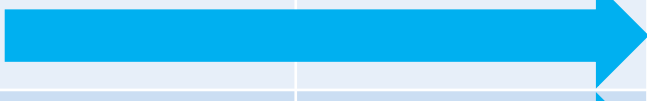
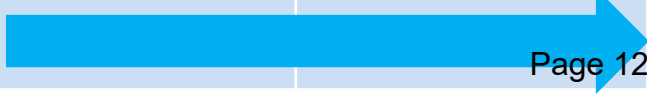
Risk Management Pathfinder

Example: Risk Appetite Levels and Descriptions



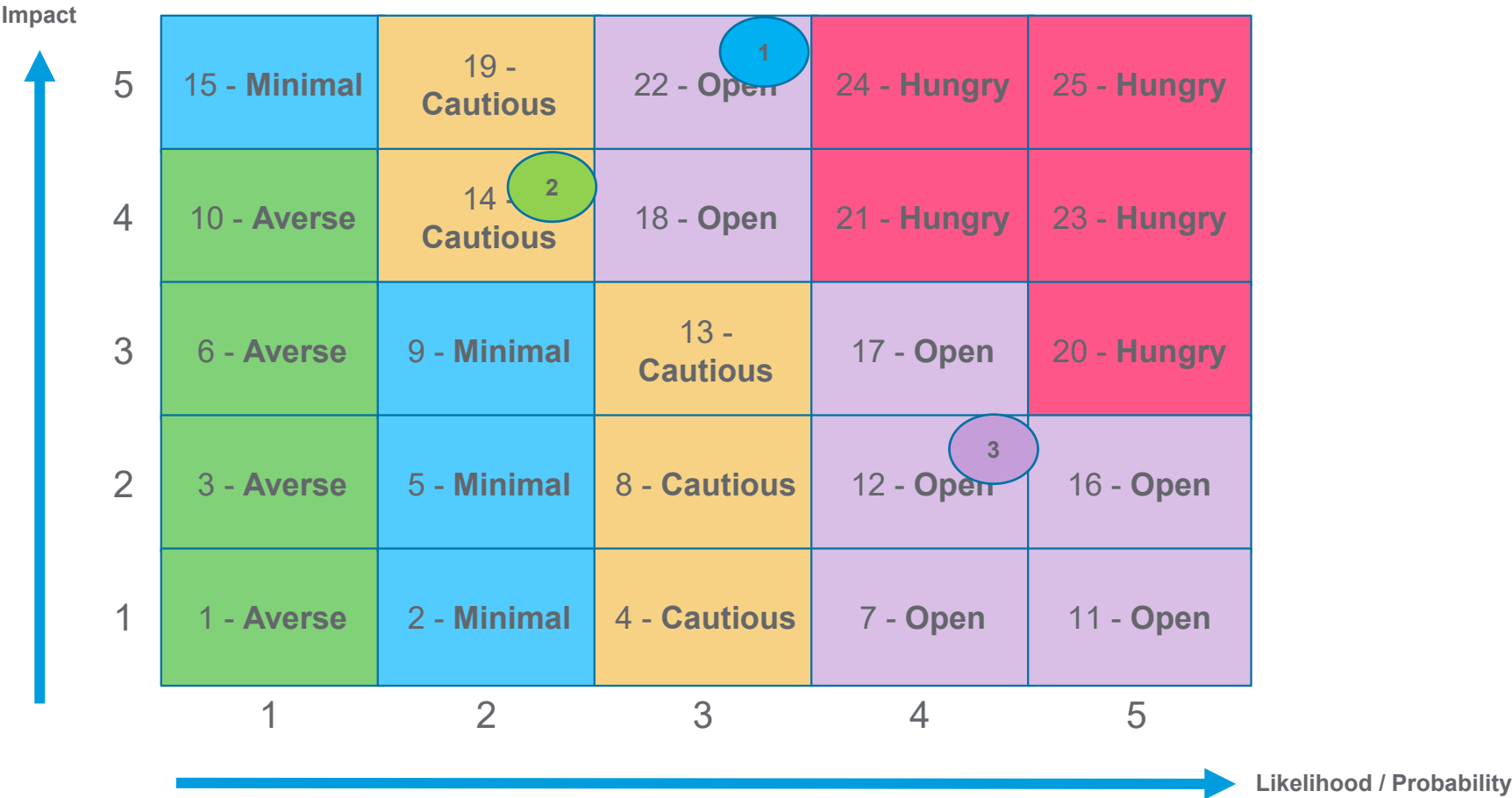
Risk Management Pathfinder

Example: Risk Appetite Themes with applicable Risk Appetite level

Risk Appetite Theme	Averse	Minimal	Cautious	Open	Hungry
Maintaining financial resilience					
Protecting our students and staff					
Ensuring quality, resilience and continuity of services					
Successful service transformation					
Managing our reputation					
Managing Development and growth					
Managing environmental / climate impact					
Embracing the regulatory framework					
Providing quality curriculum and services					

Risk Management Pathfinder

Example: Risks plotted by Appetite Theme V Risk Appetite Boundaries



Risk 1

Appetite Theme – Minimal

Outside of Appetite

Risk 2

Appetite Theme – Averse

Outside of Appetite

Risk 3

Appetite Theme – Open

Within Appetite

Senior Independent Director (or similar)

Considering how to resource and facilitate a risk management framework can be challenging for many organisations as finding the 'right' candidate with the appropriate skills, experience / sector knowledge and within budget is difficult.

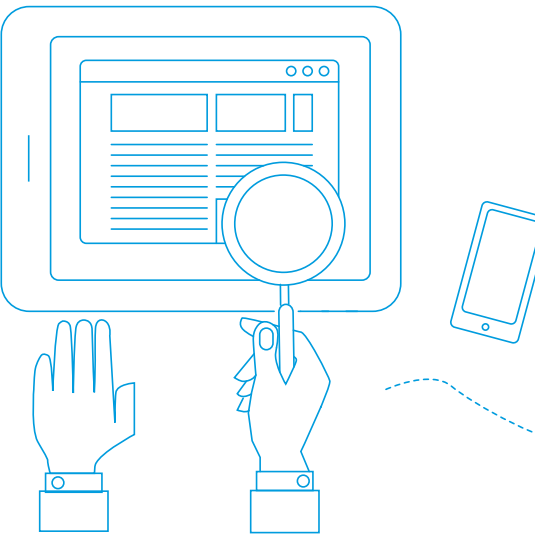
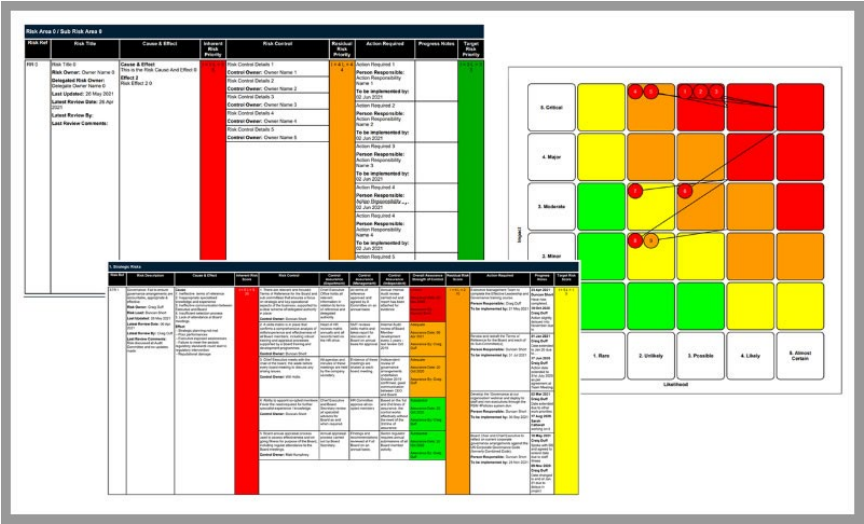
One solution to this is to develop a position similar to a Senior Independent Director within the public limited company arena. This role can often be cost effective for organisations and can be sourced with the appropriate skills and knowledge required to facilitate and challenge the risk management framework.

This role is a particularly effective element within a risk management framework as it is an independent role, i.e. free of any connections that may lead to a conflict of interest within the organisation, meaning that the ability to be objective and challenge remains strong.

It is suggested that this role could consist of the following for CPCA:

- Work closely with the Chief Executive and Mayor to provide risk advice and guidance on certain matters
- Providing risk insight and advice to the Executive Leadership Team as required
- Facilitate a quarterly check and challenge of the corporate risk register with Executive Leadership Team
- Attend the Performance & Risk Committee to provide advice and guidance and 'check and challenge'.
- Ensure that Directorate risk information is updated and to a suitable quality in terms of content
- Aid the interpretation of risk reports and advise on how these might be developed
- Guide and steer the risk management framework in conjunction with the Executive Leadership Team to ensure that it remains effective
- Develop, oversee and lead the risk deep dive programme.

Visibility & Oversight



Insight4GRC



A complete picture of your risk management in real-time

www.insight4grc.com

STR 1 - Governance:

Fail to ensure governance arrangements are accountable, appropriate & effective.

Cause and Effect	Existing Controls	Action Required	Notes/Risk Events	Strength of Controls	History
Control Status: Existing					
Risk Control	Assurance Given	Assurance Date	Strength of Control	Assurance Line	
1. There are relevant and focused Terms of Reference for the Board and sub committees that ensures a focus on strategic and key operational aspects of the business, supported by a clear scheme of delegated authority in place	Yes	19/01/2021	Limited	Management	View Details
2. A skills matrix is in place that confirms a comprehensive analysis of skills/experience and effectiveness of all Board members, including robust training and appraisal processes supported by a Board training and development programmes	Yes	06/04/2021	Adequate	Overall Assurance	View Details
3. Chief Executive meets with the chair of the board, the week before every board meeting to discuss any arising issues.	Yes	20/10/2020	Adequate	Overall Assurance	View Details
4. Ability to appoint co-opted members if ever the need required for further specialist experience / knowledge.	Yes	20/10/2020	Substantial	Overall Assurance	View Details
5. Board annual appraisal process used to assess effectiveness and on going fitness for purpose of the Board, including regular attendance to the Board meetings.	Yes	20/10/2020	Substantial	Overall Assurance	View Details

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**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 6

Internal Audit Progress Report

To: Audit and Governance Committee

Meeting Date: 29 July 2022

From: Jon Alsop, Head of Finance and S73 Officer

Key decision: Not a key decision

Forward Plan ref: n/a

Recommendations: The Audit and Governance Committee is recommended to:

- a) Receive and note the internal audit progress report for 2021/22 as provided by the Combined Authority's internal auditors, RSM Risk Assurance Services LLP (RSM).

Voting arrangements: Note only item, no vote required.

1. Purpose

- 1.1. The purpose of the report is for the Audit and Governance Committee to:
 - (a) Receive and note progress being made against the internal audit plan for 2021/22.

2. Background

Internal Audit Plan 2021/22

- 2.1. RSM presented the internal audit plan for 2021/22 to the Audit and Governance Committee in April 2021.
- 2.2. The attached report provides an update to the Audit and Governance Committee against the internal audit plan for the year.

3. Financial Implications

- 3.1. Internal audit fees are within those agreed as part of the internal audit service contract.

4. Legal Implications

- 4.1. No legal implications have been identified.

5. Other Significant Implications

- 5.1. No other significant implications have been identified.

6. Appendices

Appendix 1 – Internal Audit update report 2021/22 (RSM)

7. Background Papers

Internal Audit Plan – A&G Committee April 2021

[Internal Audit Plan A&GC April 2021](#)



CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY

Internal Audit Progress Report

29 July 2022

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP
will accept no responsibility or liability in respect of this report to any other party.



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Appendix C - Key performance indicators (KPIs) for 2021/22 delivery8

For more information contact9

1 Key messages

The internal audit plan for 2021/22 was approved at the April 2021 meeting. This report provides an update on progress against that plan, the changes to the plan and summarises the results of our work to date. As the developments around Covid-19 will continue to impact on all areas of the organisation's risk profile, we will continue to work closely with management to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs in the current circumstances.

2021/22 Internal Audit Delivery – Completed

We have not issued any further final reports since the last meeting. Three further draft reports have been issued since the last meeting:

- Follow Up (a revised draft has also been issued to management),
- Subsidiary Governance (a revised draft has also been issued to management); and
- Payroll

Two other reports also remain in draft:

- Capital Programme (revised draft has also been issued to management); and
- IT Control Framework (Part 2).

We are awaiting comments from management ahead of finalising all of the above reports. [\[To note\]](#)

2021/22 Internal Audit Annual Opinion

Our internal audit opinion for 2021/22 is contained within our annual report and is a separate agenda item. The opinion is qualified (negative) and will need to be reported in the Annual Governance Statement. Further details on the reasons for the negative opinion are contained within that report. [\[To approve\]](#)

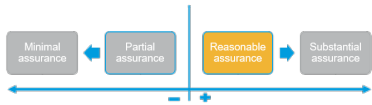
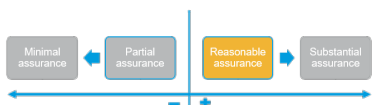
Additional 2021/22 internal audit activity

As part of our contract with you we are asked from time to time to undertake ad hoc reviews outside the internal audit plan. One of these reviews was around Community Land Trusts. This report has been issued in draft and we are awaiting management feedback. We were also asked by Officers to undertake an Analysis of Government Procurement Card Expenditure and Expenses. The draft report has been issued and work is ongoing to finalise this report. [\[To note\]](#)

2022/23 Internal Audit Plan

The revised proposed internal audit plan for 2022/23 is on the agenda for today's meeting. [\[To approve\]](#)

Appendix A – Progress against the internal audit plan 2021/22

Assignment	Timing / Status / Opinion issued	Actions agreed			Target Audit Committee (as per previous audit committee)	Actual Audit Committee
		L	M	H		
Additional follow up: IT Control Framework	Final report issued	1	1	1	N/A	November 2021
Adult Education Budget		3	2	0	January 2022	January 2022
Fraud Risk Assessment	Final report issued	7 areas for improvement suggested			April 2022	April 2022
Additional audit: One CAM - Governance and Decision Making	Final report issued	2	1	0	April 2022	April 2022
Key Financial Controls		5	2	0	April 2022	April 2022
Additional audit: Payroll	DRAFT report issued 18 July 2022				September 2022 (April 2022)	
Capital Programme (replaced the Risk Management audit)	DRAFT report issued 12 May 2022 Revised DRAFT issued 6 July 2022				September 2022 (June 2022)	
Additional follow up: IT Control Framework Part 2	DRAFT report issued 13 April 2022				September 2022 (June 2022)	
Follow Up	DRAFT report issued 28 June 2022 Revised DRAFT issued 18 July 2022				September 2022 (June 2022)	

Assignment	Timing / Status / Opinion issued	Actions agreed			Target Audit Committee (as per previous audit committee)	Actual Audit Committee
		L	M	H		
Subsidiary Governance	DRAFT report issued 6 July 2022				September 2022 (June 2022)	
Community Land Trusts	DRAFT report issued 24 May 2022					
Analysis of Government Procurement Card Expenditure and Expenses	DRAFT report issued 16 December 2021 Revised DRAFT issued 12 May 2022					
HR Policies	Deferred to 2022/23 plan				N/A	N/A
Removed: Use of Data	N/A				N/A	N/A

Appendix B – Other matters

Changes to the audit plan

There have been the following changes to the 2021/22 internal audit plan:

Audit/Area	Change Proposed
Ad hoc advisory reviews	<p>As part of our contract with you we are asked from time to time to undertake ad hoc reviews outside the internal audit plan. In recent months we have been asked to undertake reviews around Community Land Trusts (report currently in draft) and an Analysis of Government Procurement Card Expenditure and Expenses (report in draft).</p> <p>The Audit & Governance Committee is asked to note the additional advisory reviews undertaken.</p>

Changes reported to previous meetings

Audit/Area	Change Proposed
Replace: Risk Management with Capital Programme	<p>Following discussions with senior management, we have been asked to defer a review of Risk Management to 22/23 as this is an area being further developed by the Combined Authority. This was replaced with an audit of the Capital Programme to support our 2021/22 opinion.</p> <p>The Audit & Governance Committee are asked to note the replacement of this audit within the 2021/22 internal audit delivery plan.</p>
Addition: Payroll	<p>Following discussions with senior management, we have been asked to undertake a review of Payroll following some recent concerns identified. This review will be undertaken in collaboration with subject matter experts, RSM Employer Services Limited.</p> <p>The Audit & Governance Committee are asked to note the addition of this audit to 2021/22 internal audit delivery plan.</p>
Remove: Use of Data	<p>Following discussions with senior management, we have been asked to remove a review Use of Data as this is no longer a priority area for the Combined Authority as the function has now been brought in house.</p> <p>The Audit & Governance Committee are asked to note the amendment of the timing of this audit.</p>
Delay: HR Policies	<p>Following discussions with senior management, we have been asked to delay a review of HR Policies due to the delay in planned externally commissioned work within this area and ensuring the scopes of these piece of work compliment work being completed by parties.</p> <p>The Audit & Governance Committee are asked to note the amendment of the timing of this audit.</p>

Grant Funding work undertaken by RSM to date

Audit/Area	Work Undertaken by RSM
Grant Funding	<p data-bbox="477 276 2119 427">We have completed seven reviews on grant funding received by the Combined Authority, these specifically relate to the grant funding noted below, two of which is pass-through funding (Local Transport Capital Block Funding) whereby expenditure is incurred by constituent councils and therefore they provide their own assurance however we are required to confirm that the CPCA have paid the constituent councils in line with the decisions made by the Mayor and other grants where expenditure is incurred by the Combined Authority. We have summarised the grants below:</p> <ul data-bbox="526 443 1921 699" style="list-style-type: none"> • Peer Network Funding to Local Enterprise Partnerships (LEPS) in 2020- 2021 • 2020-2021 EU Transition Business Readiness Growth Hub Grant Funding to Local Enterprise Partnerships (LEPS) • Growth Hub Funding to Local Enterprise Partnerships (LEPS) in 2020-2021 • Supplemental Growth Hub Funding to Local Enterprise Partnerships (LEPS) in 2020-2021 • Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) No.31/5036 • Local Transport Capital Block Funding (Pothole and Challenge Fund) No.31/5072 • Additional Dedicated Home to School and College Transport grant • Transforming Cities Fund – 2021/22 and Peer to peer Network grants claim 2021/22

RSM External reviews of quality

One of the key measures of quality is an independent third-party assessment and, as a firm we are required to conform to the requirements of the International Professional Practices Framework (IPPF) published by the Global IIA. Under the Standards, internal audit services are required to have an external quality assessment (EQA) every five years. The RSM UK Risk Assurance service line commissioned an external independent review of our internal audit services in 2021, to provide assurance as to whether our approach continues to meet the requirements.

The external review concluded that RSM 'generally conforms to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'. The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

Information briefings and Sector updates

Our latest procurement and contract management network webinar, to which officers were invited, took place on 18 July 2022. The focus topic was Framework Agreements.

These webinars offer expert advice on EU and UK public sector procurement legislation and practice. The monthly webinars include an update on current developments in public procurement as well as a more detailed discussion on a selected topical area. The webinars were hosted by Walter Akers and Mohamed Hans. Walter is a partner at RSM and leads the UK RSM Commercial and projects business. Mohamed is a solicitor and expert on UK and the European Public Procurement Rules. He currently manages the CIPFA Procurement and Commissioning Network.

We will continue to keep officers informed of future events.

Appendix C - Key performance indicators (KPIs) for 2021/22 delivery

	Delivery				Quality		
	Target	Actual	Notes (ref)		Target	Actual	Notes (ref)
Audits commenced in line with original timescales following scoping	Yes	100%		Conformance with PSIAS and IIA Standards	Yes	Yes	
Draft reports issued within 15 days of debrief meeting	100%	80%*		Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	Yes	
Management responses received within 15 days of draft report	100%	60%**		Response time for all general enquiries for assistance	2 working days	100%	
Final report issued within 3 days of management response	100%	100%		Response for emergencies and potential fraud	1 working days	N/A	

Notes

The above KPIs take into account changes agreed by management and the Audit & Governance Committee during the year.

*This actual KPI was impacted by annual leave.

**This KPI relates does not include 2 draft reports that have not passed the 15 days target for responses. This KPI has been impacted by Officer sickness.

FOR MORE INFORMATION CONTACT

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Anna O’Keeffe – Senior Manager

Email: Anna.O’Keeffe@rsmuk.com

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management’s responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Cambridgeshire and Peterborough Combined Authority and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person’s reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 7

Internal Audit Annual Report 2021/22

To: Audit and Governance Committee

Meeting Date: 29th July 2022

From: Jon Alsop, Head of Finance and S73 Officer

Key decision: Not a key decision

Forward Plan ref: n/a

Recommendations: The Audit and Governance Committee is recommended to:

a) Note and receive the Internal Audit Annual Report for 2021/22

Voting arrangements: Note only item, no vote required.

1. Purpose

1.1. The purpose of the report is for the Audit and Governance Committee to:

- (a) Note and receive the Internal Audit Annual Report for 2021/22.

2. Background

2.1. The Chief Internal Auditor of a Local Authority is required annually to provide their opinion on the overall systems of internal control and their effectiveness.

The Annual Internal Audit Opinion

2.2. The Internal Audit Plan for 2021/22 as presented to the Audit and Governance Committee by the Combined Authority's internal auditors (RSM), in April 2021 stated that "As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. The annual opinion will be provided to the organisation by RSM Risk Assurance Services LLP at the financial year end."

2.3. The annual opinion should be used to inform the organisation's annual governance statement.

2.4. The internal audit opinion for Cambridgeshire and Peterborough Combined Authority for 2021/22 is as follows:

2.5. "There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective."

2.6. A paper is being taken to the Combined Authority Board in July 2022 by the Interim Chief Executive to seek approval for a series of proposals set out to drive and implement an improvement plan to address the issues highlighted in the Internal Audit Annual report.

2.7. The full report is attached at appendix 1.

3. Financial Implications

3.1. Internal audit fees are within those agreed as part of the internal audit service contract.

4. Legal Implications

4.1. No legal implications have been identified.

5. Other Significant Implications

5.1. No other significant implications have been identified.

6. Appendices

- 6.1. Appendix 1: The Internal Auditor's Annual report 2021/22

7. Background Papers

- 7.1. Outline Audit Plan – A&G Committee April 2021

[Internal Audit Plan A&GC April 2021](#)



CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY

Annual internal audit report 2021/22

DRAFT

Presented at the Audit and Governance Committee 29 July 2022

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

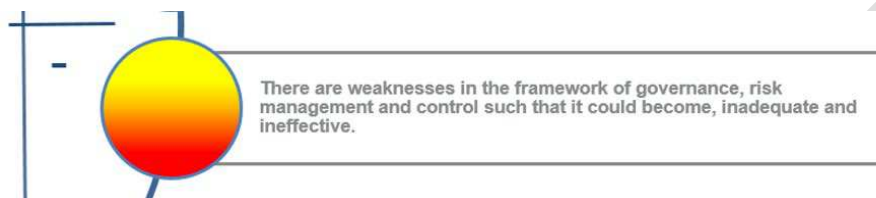
THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

THE ANNUAL INTERNAL AUDIT OPINION

This report provides a draft annual internal audit opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The draft opinion should contribute to the organisation's annual governance reporting.

The opinion

For the 12 months ended 31 March 2022, the draft head of internal audit opinion for Cambridgeshire and Peterborough Combined Authority is as follows:



Please see appendix A for the full range of annual opinions available to us in preparing this report and opinion.

It remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be a substitute for management responsibility around the design and effective operation of these systems.

Scope and limitations of our work

The formation of our draft opinion is achieved through a risk-based plan of work, agreed with management and approved by the audit and governance committee, our opinion is subject to inherent limitations, as detailed below:

- internal audit has not reviewed all risks and assurances relating to the organisation;
- the draft opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. The assurance framework is one component that the board takes into account in making its annual governance statement (AGS);
- the draft opinion is based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management / lead individual;
- where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance;
- due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to our attention; and
- our internal audit work for 2021/22 has continued to be undertaken through the operational disruptions caused by the Covid-19 pandemic. In undertaking our audit work, we recognise that there has been some impact on both the operations of the organisation and its risk profile, and our draft annual opinion should be read in this context.

FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINION

Risk management

We have not undertaken a specific risk management review in 2021/22. An audit of risk management was originally included within the 2021/22 plan following the partial (negative) assurance opinion issued in 2020/21. Management advised that whilst some progress had been made, there were still a number of areas arising from the partial assurance opinion that still needed to be addressed. Due to the limited progress of implementing these actions, the risk management audit was replaced with another review.

We were provided with an updated version of the Corporate Risk Register on 16 May 2022 to further inform our discussions on the internal audit coverage for 2022/23, but we have not carried out a detailed review of the new risk register or the actions previously agreed.

Governance

Our governance coverage in 2021/22 was focussed on Subsidiary Governance (currently in draft). We carried out an audit designed to allow the Authority take assurance that appropriate governance arrangements were in place to monitor, manage and support its subsidiary companies, including the reporting and escalation of matters to the CPCA for oversight and scrutiny. This concluded with a negative opinion, minimal assurance.

Our review identified significant issues requiring management attention, including a lack of operational and financial performance reporting from the subsidiary companies to the CPCA, and a lack of oversight from the CPCA regarding the operations of its subsidiaries. In addition, evidence was not provided during the audit to confirm that the business plans of subsidiary companies were being subject to regular review by the CPCA in line with Shareholder Agreements, whilst for one subsidiary, evidence of an initial business plan was not provided. Furthermore, we identified issues with the risk registers for the CPCA's operational subsidiary companies, including a lack of separation between planned actions and implemented controls, and a lack of specific and measurable actions. We were also unable to confirm that a Programme Management Committee had been established for the Business Growth Company, as required by its Shareholders Agreement. We did identify also some well designed and complied with controls during the review.

We have also been advised post year end of a governance review commissioned by the Authority and conducted by Governance First Limited which has highlighted a wide range of improvement actions required in the area of governance. Following this review we have also been advised of a subsequent letter from EY, the authorities external auditors and the potential impact that the findings from the governance review may have on their value for money conclusion. These post year end events have also been taken into account when forming our opinion.

Internal control

In addition to the Subsidiary Governance audit, we undertook four further assurance assignments during 2021/22, from all four of which the Authority could take positive (Reasonable) assurance:

- Adult Education Budget
- Key financial controls – financial reporting and general ledger
- Capital programme – monitoring and reporting
- Payroll

Our Follow Up review, conducted on a sample of the previously agreed management across five previous audits management actions concluded that the Authority had made reasonable progress in implementing the actions (see below).

We also undertook two additional follow up reviews specifically relating to the IT Control Framework. These reviews followed on from the minimal (negative) assurance audit undertaken in 2020/21. The first of the reviews found that of the four actions which had become due for implementation, three had been implemented, but one high priority action had not been implemented.

The second review (currently in draft) followed up that high priority action plus the six remaining actions which were all due for implementation. Whilst we found that three actions had been implemented, two medium priority actions had only been partly implemented, and one medium priority action and the same high priority action, which related to ensuring sufficient IT specialism/expertise is maintained amongst the authorities workforce, had not been implemented.

Advisory reviews

As part of the internal audit plan, our specialist colleagues undertook an advisory Fraud Risk Assessment, which identified seven areas for suggested improvement, but did not identify any significant areas of weakness. In addition to the audits in the original 2021/22 internal audit plan, we were also commissioned to undertake three additional advisory reviews: One CAM – Governance and Decision-making, Community Land Trust Advisory Review (currently in draft and 11 management actions agreed), and an Analysis of Government Procurement Card Expenditure and Expenses – Deep Dive.

The deep dive draft report has been issued (with six high and one medium priority actions) and work is ongoing to finalise this report.

Additional factors and findings informing our opinion

In addition to the minimal assurance (negative) opinion of the Subsidiary Governance audit, the limited progress implementing the actions from the 2020/21 risk management audit, the findings of the Government Procurement Card Expenditure and Expenses – Deep Dive and some of the actions still requiring work following the 2020/21 IT Control Framework (minimal assurance) review, in forming our annual opinion we have also taken into account some significant wider governance issues. Some of these came to our attention following the independent review of governance commissioned by the Authority and subsequent concerns raised by the external auditor and reported by them to the Department for Levelling Up, Housing and Communities (DLUHC). The independent governance review made some 47 recommendations.

We note the External Auditor's concerns and include an extract from the June 2022 Audit and Governance Committee papers:

The Chair of the Committee received a letter from EY, the Authority's external auditors, on 1 June 2022 which notified him of their judgement that a value for money risk exists in the form of significant weakness in Cambridgeshire & Peterborough Combined Authority's governance arrangements. This judgement, was based on the following reasons:

- "Investigations into key individuals in the Mayor's office following a whistle-blower notification.
- Increased number of employment related claims against the Authority.
- 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.
- Weaknesses we have observed in how the extraordinary meeting of the Authority Board makes informed decisions; and
- That the nature of the whistle-blower allegations and initial findings of independent investigation reports raises significant questions on the culture, behaviour and integrity of key individuals in the Mayor's office"

and leads the auditors to a concern "that the Authority has insufficient capacity, capability and an inappropriate culture to support the effective governance and operation of the organisation and how it discharges its statutory services".

We understand that the authority Board will be debating a report from the Interim Chief Executive that sets out the initial steps of an improvement journey and we have included some proposed coverage in the 2022/23 internal audit plan to provide some independent coverage in relation to the improvement plan / actions that are agreed.

Topics judged relevant for consideration as part of the annual governance statement (AGS)

The Combined Authority should consider including the findings from the following reviews in the AGS, together with the actions planned to improve the weaknesses identified from the following reviews:

- Subsidiary Governance – 2021/22 Minimal Assurance
- Risk Management – 2020/21 Partial Assurance
- IT Control Framework – follow up and outstanding actions
- Government Procurement Card Expenditure and Expenses – Deep Dive

The Combined Authority should also consider whether other significant issues should be included in the AGS, including the results of the independent governance review and concerns raised by external audit, that were reported to DLUHC.

THE BASIS OF OUR INTERNAL AUDIT OPINION

As well as those headlines previously discussed, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2021/22. Please note some reports remain in draft.

Implementation of internal audit management actions

Our follow up of the actions agreed to address previous years' internal audit findings shows that the organisation had made **reasonable progress** in implementing the agreed actions.

We undertook one Follow Up review in April 2022 and confirmed that of the 10 actions followed up, one medium and four low priority actions had been fully implemented, one medium priority action had been partly implemented, one medium priority action had not yet been implemented, and three medium priority actions had been superseded. In one case, although the medium priority action had been implemented, we agreed a new low priority action due to a further issue being identified.

We also undertook two specific follow up reviews of the IT Control Framework review from 2020/21 and the results of this are shown in the section above.

Working with other assurance providers

In forming our opinion, we have not placed any direct reliance on other assurance providers. However, in forming our annual opinion we have also taken into account the significant wider governance issues which have come to our attention following the independent review of governance commissioned by the Authority and the concerns raised by the external auditor (EY) and reported by them to the DLUHC.

OUR PERFORMANCE

Wider value adding delivery

Area of work	How has this added value?
Sector Briefings	Issued briefings relating to the sector within our progress reports presented to the Audit and Governance Committee (AGC) to assist officers and committee members in being informed on the latest developments within the sector.
Webinar invitations	Various invitations have been sent to management to attend webinars to inform of any sector and wider sector updates. Examples include Procurement, Employment Matters, and VAT.
Coronavirus: Various briefings and webinars	RSM have delivered a number of webinars and client briefings in relation to Coronavirus (ranging from Government financial support for employers, fraud briefings, HR and Legal Support etc).
Audit and Governance Committee attendance	We have attended all AGC's and where appropriate contributed to the wider agenda.
Communication	We have held scheduled monthly calls with the deputy chief finance officer, and numerous ad hoc calls as required with the CFO and Monitoring Officer.
Best practice	Shared best practice across the sector through the management actions we have agreed as part of our work.
Specialist expertise	We have provided specialist support through the audit plan as required including the IT Control Framework follow up reviews, Fraud Risk Assessment, and Adult Education Budget review.
Sector experience	We have also made suggestions throughout our audit reports based on our knowledge and experience in the local government sector to provide areas for consideration.
Ad hoc reviews	We have responded to requests to undertake additional ad hoc reviews and allocated the appropriate level of skill or expertise to each assignment.

Conflicts of interest

During 2021/22 we have completed several reviews of grant funding received by the Combined Authority as part of the requirements of the Authority to confirm to funding providers that expenditure has been appropriate in line with the terms of the grants. We were also requested to undertake some risk management support (information gathering, analysis, interpret, check, challenge and conclude, development of road map).

All this work was undertaken via separate letters of engagements, led by independent engagement partners and delivered by specialist staff separate from the core Internal Audit Team. We have considered as part of all of these additional engagements the safeguards required to be in place and are satisfied that these have been met.

When asked to undertake any additional roles / responsibilities outside of the internal audit programme, the Head of Internal Audit has discussed these areas with the Chief Finance Officer and highlighted any potential or perceived impairment to our independence and objectivity. We have also reminded the CFO of the safeguards we have put in place to limit impairments to independence and objectivity and how these continue to be managed.

RSM has not therefore undertaken any work or activity during 2021/2022 that would lead us to declare any conflict of interest.

Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the International Standards for the Professional Practice of Internal Auditing, the wider International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA.

Under the Standards, internal audit services are required to have an external quality assessment (EQA) every five years. The RSM UK Risk Assurance service line commissioned an external independent review of our internal audit services in 2021, to provide assurance as to whether our approach continues to meet the requirements.

The external review concluded that RSM 'generally conforms*' to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

* The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

Quality assurance and continual improvement

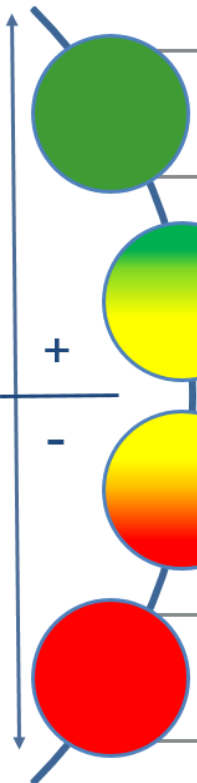
To ensure that RSM remains compliant with the International Standards for the Professional Practice of Internal Auditing and the International Professional Practices Framework (IPPF) we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs of our audit teams.

Resulting from the programme in 2021/22, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements.

APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to us within our internal audit methodology to provide you with context regarding your annual internal audit opinion.

Annual opinions	Factors influencing our opinion
 <p>The organisation has an adequate and effective framework for risk management, governance and internal control.</p> <p>The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.</p> <p>There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective.</p> <p>The organisation does not have an adequate framework of risk management, governance or internal control.</p>	<p>The factors which are considered when influencing our opinion are:</p> <ul style="list-style-type: none"> • inherent risk in the area being audited; • limitations in the individual audit assignments; • the adequacy and effectiveness of the risk management and / or governance control framework; • the impact of weakness identified; • the level of risk exposure; and • the response to management actions raised and timeliness of actions taken.

APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2021/22

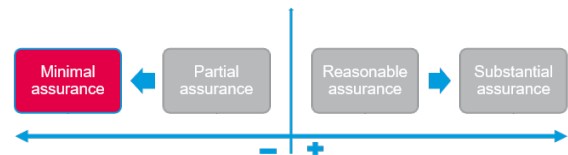
All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
Subsidiary Governance (DRAFT)	Robert Parkin, Chief Legal Officer (Monitoring Officer)	Minimal Assurance [●]	0	3	2
Adult Education Budget	John T Hill – Director of Business and Skills	Reasonable Assurance [●]	3	2	0
Key Financial Controls – Financial Reporting and General Ledger	Jon Alsop – Chief Finance Officer	Reasonable Assurance [●]	5	2	0
	Robert Emery – Deputy Chief Finance Officer				
Capital Programme – Monitoring and Reporting (DRAFT)	Jon Alsop – Chief Finance Officer	Reasonable Assurance [●]	2	2	0
	Robert Emery – Deputy Chief Finance Officer				
Payroll (DRAFT)	Jon Alsop – Chief Finance Officer	Reasonable Assurance [●]	5	2	0
Follow Up (DRAFT)	Jon Alsop – Chief Finance Officer	Reasonable Progress	1	2	1
	Robert Emery – Deputy Chief Finance Officer				
Fraud Risk Assessment	Jon Alsop – Chief Finance Officer	Advisory	7 areas for improvement		
One CAM - Governance and Decision Making	Robert Parkin, Chief Legal Officer (Monitoring Officer)	Advisory	2	1	0

Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
IT Control Framework Review – Follow Up Part 1	Robert Parkin, Chief Legal Officer (Monitoring Officer)	No overall opinion	1	1	1
IT Control Framework Review – Follow Up Part 2 (DRAFT)	Robert Parkin, Chief Legal Officer (Monitoring Officer)	No overall opinion	1	2	1
Analysis of Government Procurement Card Expenditure and Expenses – Deep Dive (DRAFT)	Jon Alsop – Chief Finance Officer	No overall opinion but significant weaknesses	0	1	6
Community Land Trust – Advisory Review (DRAFT)	Robert Parkin, Chief Legal Officer (Monitoring Officer)	Advisory	11 management actions		

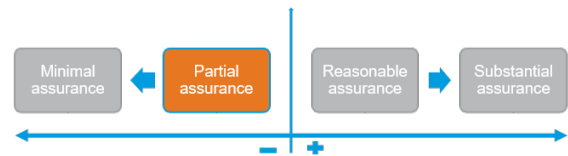
APPENDIX C: OPINION CLASSIFICATION

We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the board can take:



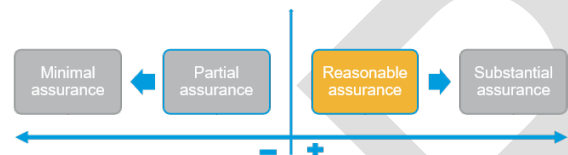
Taking account of the issues identified, the board can take minimal assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the board can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

YOUR INTERNAL AUDIT TEAM

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Cambridgeshire and Peterborough Combined Authority, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM UK Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 8

Internal Audit Plan 2022/23

To: Audit and Governance Committee

Meeting Date: 19 July 2022

From: Jon Alsop, Head of Finance and S73 Officer

Key decision: Not a key decision

Forward Plan ref: n/a

Recommendations: The Audit and Governance Committee is recommended to:

a) Approve the proposed Combined Authority's audit plan for 2022/23.

Voting arrangements: Note only item, no vote required.

1. Purpose

- 1.1. The purpose of the report is for the Audit and Governance Committee to:
- Consider and approve the proposed 2022/23 Internal Audit Plan.

2. Background

- 2.1. According to its Terms of Reference, the Audit and Governance Committee shall:
- (a) Provide assurances over the effectiveness of internal audit functions and assuring the internal control environments of key partners;
 - (b) Review internal audit requirements undertaken by the Combined Authority;
 - (c) Approve the internal audit plan;
 - (d) Consider reports and assurances from the Chief Finance Officer in relation to:
 - Internal Audit performance;
 - Annual Assurance Opinion on the adequacy and effectiveness of the framework of governance, risk management and control;
 - Risk management and assurance mapping arrangement;
 - Progress to implement recommendations including concerns or where managers have accepted risks that the Authority may find unacceptable.

Internal Audit Plan 2021/22

- 2.2. RSM presented the internal audit plan for 2021/22 to the Audit and Governance Committee in April 2021. This formed part of the Internal Audit Strategy 2021/22 to 2024/25. See link below...
- [Internal Audit Plan A&GC April 2021](#)
- 2.3. The RSM approach to developing the internal audit plan is based on analysing the Combined Authority's corporate objectives, risk profile and assurance arrangements as well as other factors affecting the Combined Authority in the year ahead, including changes within the sector.
- 2.4. The Committee considered 'Themes for Internal Audit Coverage for 2022/23' at its March 2022 meeting which provided direction to the development of the proposed audit plan for 2022/23 as shown at appendix 1.

3. Financial Implications

- 3.1. Internal audit fees are within those agreed as part of the internal audit service contract.

4. Legal Implications

4.1. No legal implications have been identified.

5. Other Significant Implications

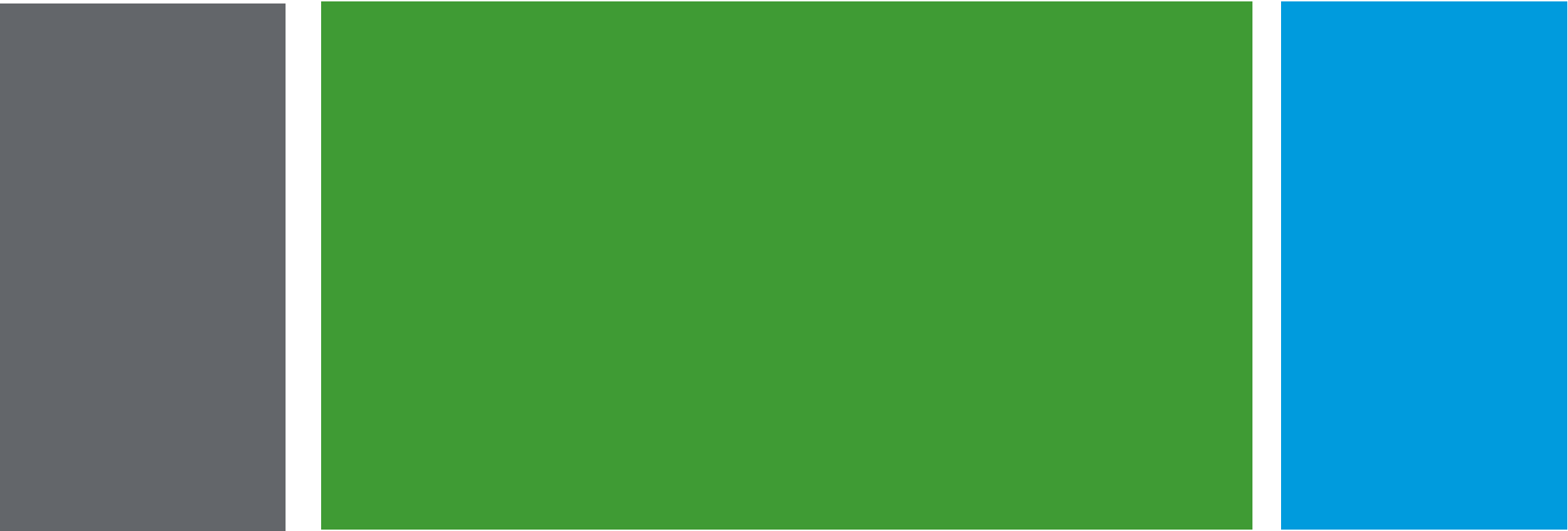
5.1. No other significant implications have been identified.

6. Appendices

6.1. Appendix 1: Draft Internal Audit plan 2022/23

7. Background Papers

None



CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY

Internal Audit Strategy 2020/21 - 2025/26 (including our internal audit plan 2022-2023)

Presented at the Audit & Governance Committee meeting of: 29 July 2022

This report is solely for the use of the persons to whom it is addressed.

To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

EXECUTIVE SUMMARY

Our Internal Audit Plan for 2022/23 is presented for consideration by the Audit & Governance Committee. During the year, we will continue to work with management and hold regular meetings to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs.

The key points to note from our plan are:



2022/23 Internal Audit priorities: Internal audit activity for 2022/23 is based on analysing your corporate objectives, risk profile and assurance framework as well as other factors affecting you in the year ahead, including changes within the sector. Our detailed plan for 2022/23 is included at Section 1.



Level of Resource: The level of resource required to deliver the plan for 2022/23 plan has been discussed and agreed with the Chief Finance Officer. In delivering your internal audit services we continue to embrace technology when undertaking operational audits. Through tools such as 4questionnaires, MS Teams meetings, secure web portals for audit data sharing (Huddle) and data analytics, our approach consists of a combination of both on-site client presence and remote auditing. RSM UK has in place policies designed to protect both its staff and clients, which is supported through our flexible working approach. This will strengthen our sampling and focus our audit testing. Refer to Appendix A.



Core Assurance: Following discussions with key members of the executive management team, the core areas of coverage for 2022/23 include **Data Protection, IT audit coverage, the Energy Hub and the Affordable Homes Programme**. We have also included a review of **succession planning arrangements** and we will also be building on the **subsidiary companies** review in 2021/22 by undertaking another review in 2022/23. We have also been asked to undertake a **Core Control Framework** review which will cover some key financial controls and key HR controls. Given the qualified Head of Internal Audit opinion in 2021/22, we have also agreed for coverage in 2022/23 on **Risk Management and Governance** to ensure that improvements are being made in both of these areas following qualified internal audit opinions, and the wider Governance concerns and associated improvement plan.



'Agile' approach: Our approach to working with you has always been one where we will respond to your changing assurance needs. By employing 'agile' or a 'flexible' approach to our service delivery, we are able to change the focus of audits / audit delivery; keeping you informed of these changes in our progress papers to the Audit & Governance Committee during the year.

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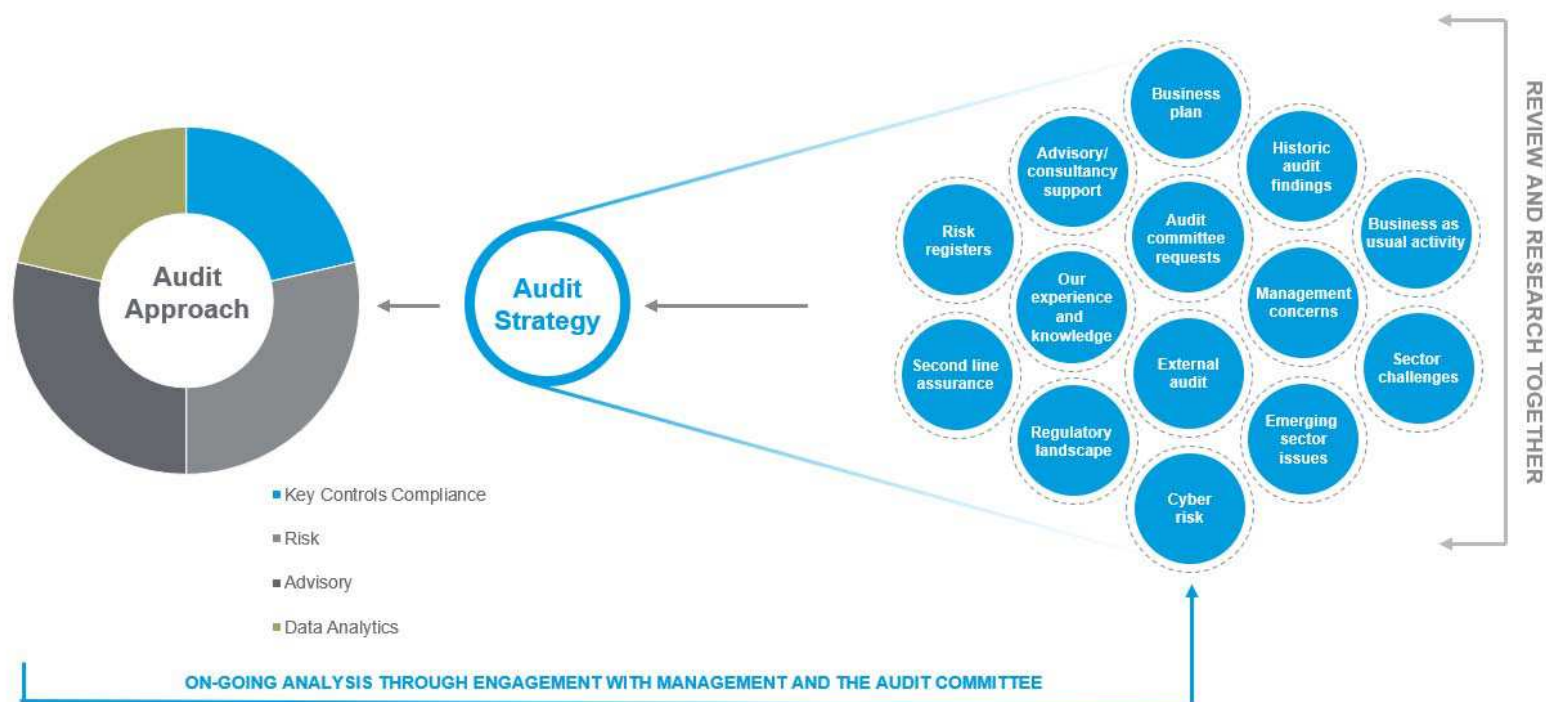
1. YOUR INTERNAL AUDIT PLAN 2022/23

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Cambridgeshire and Peterborough Combined Authority in the year ahead, including changes within the sector.

Risk management processes

In developing our Internal Audit Strategy, we have met with key Officers to gain an understanding of the current issues faced by the Combined Authority. We have also reviewed the latest version of the Corporate Risk Register to gain an understanding of the key risks facing the organisation together with the controls in place to manage them, along with the key sources and documents referred to below. It should however be noted that we have not formally revisited / reviewed the risk management arrangements at the Authority since our partial assurance opinion in 2020/21. We have therefore agreed to include coverage in this area, in the form of a specific risk management audit in 2022/23 to ensure that progress has been made to address the previously agreed management actions.

Figure A: Audit considerations – sources considered when developing the Internal Audit Strategy.



Based on our understanding of the organisation, the information provided to us by stakeholders, and the regulatory requirements, we have developed an annual internal plan for the coming year and updated the high level strategic plan (see Section 2 and Appendix B for full details).

2. INTERNAL AUDIT PLAN 2022/23

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2022/23. The table also details the strategic risks which may warrant internal audit coverage, noting that the Authority has recently updated the risk register. This review of your risks allows us to ensure that the proposed plan will meet the organisation's assurance needs for the forthcoming and future years. As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: time for tracking the implementation of actions and an audit management allocation.

Objective of the review (Strategic risk)	Audit approach	Proposed timing	Proposed Audit & Governance Committee
CPCA Strategic risk: Information governance and security			
Data Protection – deep dive <p>As per the ICO Decision – IC – 138801 – J4CO, no further action from the ICO was deemed necessary in relation to the personal data breach reported on 5 November 2021 by the CPCA however, it was recommended that the CPCA investigate the causes of this incident to ensure that they understand how and why it occurred, and what steps needed to be taken to prevent it from happening again.</p> <p>Our review will consider staff and member contracts, policies, training and awareness, password requirements, and detective controls.</p>	Risk-based	June 2022	September 2022
IT Audit <p>Following the minimal assurance opinion provided on the 2020/21 IT Control Framework Review, we will carry out an assessment of a core IT area to ensure that effective controls are in place.</p> <p>Specific coverage will be agreed between our Technology Risk Assurance Partner and the Authority but could include deep dives into individual areas such as Cyber Security, IT Hardware or Software, General IT Controls, Business Continuity and Disaster Recovery.</p>	TBC	September 2022	January 2023
CPCA Strategic risk: Senior staff transition			
Succession planning <p>The Combined Authority has seen some significant senior staffing changes over the last 12 months. We will undertake a review of the arrangements in place to ensure that any changes are planned for, that key responsibilities and decisions continue in the event of change and that formal arrangements are in place to transfer knowledge ahead of any departures.</p>	Risk-based	August 2022	December 2022

Objective of the review (Strategic risk)	Audit approach	Proposed timing	Proposed Audit & Governance Committee
CPCA Strategic risk: Energy hub			
Energy Hub This is expected to be one of the biggest spend areas for the Combined Authority in 2022/23, and this could warrant potential coverage and assurance in a number of different areas. We have therefore agreed with Officers an allowance within the 2022/23 audit plan for this area and a detailed scoping exercise will be undertaken to further understand the areas of focus.	Risk-based	November 2022	March 2023
Other internal audits			
Risk Management A review of the risk management arrangements in place at the Combined Authority, with a specific focus on the revised risk management framework and updated Corporate Risk Register. We will also be following up the seven medium priority management actions agreed in the 2020/21 audit to ensure these have been implemented.	Key Controls	October 2022	January 2023
Governance The specific coverage for this review is to be scoped and determined with management, but could include coverage relating to the Improvement Plan relating to some of the Governance weaknesses identified at the Authority in 2021/22. The External Auditors have identified significant weakness in the Authority's governance arrangements, and the Internal Audit opinion for 2021/22 is a qualified opinion and some Governance coverage in 2022/23 is appropriate to ensure improvements are being made in a timely manner.	TBC	TBC	TBC
Subsidiary Companies – deep dives Following on from the overarching review around subsidiary company governance undertaken as part of the 2021/22 internal audit plan, we will undertake a further review into a specific subsidiary company. The final report for the 2021/22 audit should be issued by the July 2022 meeting and we will provide a further update on the specific area of focus later in the year.	Deep dive	October 2022	January 2023
Affordable Housing Programme This programme was expected to end at 31 March 2022, however it is anticipated the delivery of the programme will continue for potentially a further two years. We will therefore undertake a review of the control framework in place.	Risk-based	September 2022	December 2022

Objective of the review (Strategic risk)	Audit approach	Proposed timing	Proposed Audit & Governance Committee
Core Control Framework Review covering key corporate control areas such as Finance and HR which would also capture controls around the application of the Scheme of Delegation.	Key controls	September 2022	December 2022
Other Internal Audit Activity			
Grants <i>Following the completion of a number of grant returns in 2022/23 which require the sign off of both the Chief Executive and the Chief Internal Auditor we have included a note within the internal audit plan to undertake reviews in our capacity of the CPCA Chief Internal Auditor on the use of grant funding received, which will include review of evidence to substantiate compliance against grant terms. Fees will be agreed separately. Some of these Grants also require the involvement of our grant specialists and authorised individual to sign off grant claims. We will liaise directly with the CFO and Deputy CFO with regards to this work.</i>	N/A	Ongoing	N/A
Follow up To meet internal auditing standards, and to provide assurance on action taken to address actions previously agreed by management.	Follow Up	January 2023	March 2023
Advice and Consultancy To provide advice on an ongoing basis on all aspects of governance, risk management and internal control.	N/A	Ongoing	Ongoing
Management This will include: <ul style="list-style-type: none"> • Annual planning • Pre audit and governance committee meetings • Preparation for, and attendance at, audit and governance committee • Regular liaison and progress updates • Liaison with external audit and other assurance providers • Preparation of the annual opinion. 	N/A	Ongoing	Ongoing

A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

2.1 Working with other assurance providers

The Audit & Governance Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

APPENDIX A: YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM UK Risk Assurance Services LLP. The team will be led by Dan Harris as your Head of Internal Audit, supported by Anna O’Keeffe as your client manager.

Core team

The delivery of the 2022/23 audit plan will be based around a core team. However, we will complement the team with additional specialist skills where required, for example the use of Technology risk assurance specialists, data analytics specialists and HR Consulting specialists.

Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2021 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice, as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA, on which PSIAS is based.

The external review concluded that RSM ‘generally conforms* to the requirements of the IIA Standards’ and that ‘RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards’.

* The rating of ‘generally conforms’ is the highest rating that can be achieved, in line with the IIA’s EQA assessment model.

Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

APPENDIX B: INTERNAL AUDIT STRATEGY 2020/21-2025/26

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1 above, as well as our own view of the risks facing the sector as a whole.

Assurance Provided		Internal Audit – Third Line of Assurance (Independent review / assurance)					
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Red	Red - Minimal Assurance / Poor Progress						
Amber/red	Amber/red - Partial Assurance / Little Progress						
Amber/green	Amber/green - Reasonable Assurance / Reasonable Progress						
Green	Green - Substantial Assurance / Good Progress						
Grey	Advisory / AUP						
Teal	IDEA						
Audit Area	Risk Ref						
Energy hub	10			✓			
Climate Change Strategy	8					✓	
Environment, Social and Governance (ESG Maturity)	8				✓		✓
Partnerships and Collaboration						✓	
Strategic Planning and Partnerships	5				✓		
The Business Board					✓		✓
Local Industry Strategy						✓	
Local Transport Plan					✓		
Skills Strategy						✓	
Adult Education Budget			✓				
COVID 19 – Capital Grants		✓					
Affordable Housing Programme				✓			

IT Controls Assessment / IT Strategy	6	✓	✓	✓	
Cyber Security/ Network Security	6		✓		✓
Information Governance / Data Protection	6		✓	✓	
Digitalisation	6			✓	
Declarations of Interest			✓		
Corporate Governance – specific topic(s) TBC			✓		✓
Governance, Transparency and Decision Making (2020/21 - Appointments to Boards and Committees sponsored by the Combined Authority)		✓	✓	✓	
CAM Project – Governance and Decision Making		✓			
Cross Charging of Corporate Services			✓		
Subsidiary Company Governance		✓	✓	✓	✓
Project Planning and Delivery (2020/21 - COVID-19 – Impact of COVID-19 on delivery of Projects)	4	✓	✓	✓	
Business Continuity and Disaster Recovery			✓		✓
Procurement and Contract Management				✓	
Fraud Risk Assessment		✓		✓	
Capital Programme		✓			✓
Financial Planning and Delivery	2		✓		
People Management / HR Policies / Succession planning	3, 13		✓		✓
Staff Health and Wellbeing	3		✓		
Equality Diversity and Inclusion	3			✓	
Recruitment	3				✓

Data Quality and Performance Management				✓			
Grant Verification	✓	✓	✓	✓	✓	✓	✓
Risk Management	✓		✓	✓	✓		
Key Financial Controls/Core control framework	✓	✓	✓	✓	✓	✓	✓
Payroll			✓			✓	
Follow Up	✓	✓	✓	✓	✓	✓	✓
HR Policies review (request by AGC March 22)				✓			
Whistleblowing						✓	

APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Cambridgeshire and Peterborough Combined Authority. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the audit and governance committee.

The internal audit service is provided by RSM UK Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core principles for the professional practice of internal auditing;
- Definition of internal auditing;
- Code of ethics; and
- The Standards.

Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to Dan Harris (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the chief executive, with further reporting lines to the monitoring officer and chief financial officer.

The head of internal audit has unrestricted access to the chair of audit and governance committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to Cambridgeshire and Peterborough Combined Authority. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the audit and governance committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the audit and governance committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the audit and governance committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the audit and governance committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the audit and governance committee to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'board'.

- Internal audit – a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Management team who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.

- Combined Authority Board - The highest level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, "board" may refer to a committee or another body to which the governing body has delegated certain functions (eg an audit and governance committee).

Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date.
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee six weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 15 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Huddle.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the audit and governance committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the audit and governance committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the audit and governance committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM UK Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the organisation's annual governance statement.

Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the audit and governance committee.

Fraud

The audit and governance committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the audit and governance committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the audit and governance committee is also approving the internal audit charter.

FOR FURTHER INFORMATION CONTACT

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Cambridgeshire and Peterborough Combined Authority, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM UK Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 9

Draft Narrative Report and Annual Governance Statement 2021/22

To:	Audit and Governance Committee
Meeting Date:	29 th July 2022
Public report:	Yes
From:	Jon Alsop, Head of Finance and S73 Officer
Key decision:	Not a key decision
Recommendations:	<p>The Audit and Governance Committee is recommended to:</p> <ul style="list-style-type: none">a) Note the draft Narrative Report 2021/22b) Receive an update to the preparation of the 2021/22 financial statements.c) Note the draft Annual Governance Statement 2021/22.
Voting arrangements:	No vote, item for noting.

1. Purpose

- 1.1. The purpose of the report is for the Audit and Governance Committee to:
 - (a) Note the draft Narrative Report 2021/22
 - (b) Receive an update to the preparation of the 2021/22 financial statements
 - (c) Note the draft Annual Governance Statement 2021/22

2. Background

- 2.1. According to their Terms of Reference, the Audit and Governance Committee shall:

No. 3.4 - Review the Annual Governance Statement prior to approval to ensure it properly reflects the risk environment and supporting assurances.

No. 3.12 – Review the annual accounts.

- 2.2. The draft Statement of Accounts, together with the draft Narrative Report and draft Annual Governance Statement are required to be signed by the Chief Finance Officer and published in draft form on the Combined Authority's website together with the notice of the exercise of public rights.

Amendments to the Audit timetable for 2022

- 2.3. In March 2021, DLUHC announced that, following consultation, the Government laid regulations to amend the draft and final accounting deadlines for principal local authorities. The Accounts and Audit (amendment) Regulations 2021 (SI no 2021/263) – see link below, came into force on 31 March 2021.
- 2.4. DLUHC announced that this was the first action to be completed in implementing the recommendations of the independent Redmond Review into the effectiveness of external audit and transparency of financial reporting in local authorities.
- 2.5. The regulations amended the draft and final accounts publication deadlines for relevant bodies from 1 June and 31 July to 1 August and 30 September for the next 2 accounting years – i.e. 2020/21 and 2021/22.
- 2.6. The regulations also include a new requirement for all local bodies to post a notice if they fail to publish their draft accounts by the due deadline, as well as the existing requirement to publish an explanatory notice if they fail to publish their final accounts.

Update to the preparation of the CPCA financial statements 2021/22

- 2.7. Unfortunately, due to the illness of critical members of staff, CPCA will not be in a position to publish draft 2021/22 financial statements by the required publication date of 1 August 2022. A notice will therefore be published on the Combined Authority's website, stating as follows:
- 2.8. "In accordance with the Accounts and Audit Regulations 2015 as amended by in 2021, notice is hereby given that the draft Statement of Accounts for the 2021-22 financial year

for the Combined Authority has been delayed by the sickness of critical staff members.

Actions are ongoing to complete the draft accounts as soon as reasonably practicable and the period for the exercise of public rights will commence once they have been completed.”

Draft Narrative Report and Draft Annual Governance Statement

- 2.9. The draft Narrative Report to the financial statements and the draft Annual Governance Statement are provided here for the Committee to note and provide comment.
- 2.10. Both documents will be subject to change whilst the draft Statement of Accounts are completed.
- 2.11. The draft Statement of Accounts, together with the draft Narrative Report and draft Annual Governance Statement will be brought back to the Committee for further comment and review as soon as the draft Statement of Accounts have been completed.

Significant Implications

3. Financial Implications

- 3.1. The scale fee for the planned audit code work for 2021/22 is expected to be £26,950 (2020/21 - £26,950).
- 3.2. All additional code work fees are subject to agreement with the S73 Officer and the Public Sector Audit Appointments Ltd.

4. Legal Implications

- 4.1. None

5. Other Significant Implications

- 5.1. None

6. Appendices

- 6.1. Appendix 1: Draft Narrative Report 2021/22
- 6.2. Appendix 2: Draft Annual Governance Statement 2021/22

7. Background Papers

- 7.1. <http://www.legislation.gov.uk/id/uksi/2021/263>.

Narrative Report:

1. Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom requires a Narrative Report to be published by local authorities in England, Northern Ireland and Wales with their financial statements. The purpose of the narrative report is to provide information on Cambridgeshire & Peterborough Combined Authority, its main objectives and strategies, to provide a commentary on how the Combined Authority has used its resources to achieve its desired outcomes, and to demonstrate how it is equipped to deal with the challenges ahead.

This report provides the narrative to Cambridgeshire and Peterborough Combined Authority's financial statements for the year ended 31 March 2022.

2. Organisational Overview and External Environment

The Combined Authority is made up of eight founding members across Cambridgeshire and Peterborough. Each of the following Constituent Authorities is represented by their nominated representative or substitute at Combined Authority meetings.

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

The Business Board also has representation on the Combined Authority Board. By virtue of their office, the Chair of the Business Board is the voting representative on the Combined Authority and the Deputy Chair is the substitute representative.

The following bodies have co-opted member status:

The Police and Crime Commissioner for Cambridgeshire
 Cambridgeshire and Peterborough Fire Authority
 Clinical Commissioning Group

The Business Board was constituted as a non-statutory body to be the Local Enterprise Partnership (LEP) for the region. It is independent of the Combined Authority operating as a private-public sector partnership, focusing on the key business sectors to provide strategic leadership and drive growth in the area.

The Business Board builds upon the strengths of established LEP services to create a stronger new model and focuses on:

- Local Industrial Strategy – strategy development, implementation oversight, and monitoring of key objectives

- Place-based growth plans – including master plan development for our market towns, oversight of implementation, making investment recommendations, strategically managing business growth zones (including Enterprise Zones)
- Key sectors – determining our priority sectors, agreeing plans for their growth, overseeing the products and services that directly stimulate sector growth
- International trade and exports – import and export strategies, fostering key places in the world for trade accords, with particular focus on post-Brexit trade and export planning.
- Skills – strategy and delivery plans to achieve a pipeline of people with skills required by business.
- Major investment opportunities – maintaining an overview and management of the pipeline of the single most direct investment opportunities facing the area.
- Devolution – employment improvement and increased exporting impacting on GVA.

The Business Board gives commerce a stronger voice in developing the Combined Authority's plans and decision making and is committed to advising the Combined Authority on achieving its Sustainable Growth Ambition. It ensures that a clear business perspective is brought forward as the Combined Authority seeks to be at the frontier of accelerating delivery and securing new investment models, with and across Government, the private sector and the local area.

The Combined Authority Board decides the strategic direction of the Combined Authority but delegates many of its decision-making powers for operational matters to the three Executive Committees, the Transport & Infrastructure Committee, the Skills Committee and the Housing & Communities Committee.

The Combined Authority has six subsidiary companies which have been set up to deliver specific objectives of the Combined Authority. The six companies are as follows:

Angle Holdings limited,
 Angle Developments East limited,
 One CAM limited,
 Cambridgeshire and Peterborough Business Growth Company limited,
 Peterborough HE Property Company Ltd, and
 Peterborough R&D Property Company Ltd

3. Governance

Cambridgeshire & Peterborough Combined Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Combined Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

In discharging this overall responsibility, the Combined Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions including arrangements for the management of risk.

The Business Board and Combined Authority Board work to a single Assurance Framework which has been approved by the Department for Levelling Up, Housing and Communities (DLUHC). It provides a robust, singular framework that brings cohesion to the work of the single officer team, ensuring clarity, transparency and openness for Government, partners and members of the public around governance and compliance processes, and a singular approach to the recommendation and decision-making processes of both Boards.

In June 2022, our auditors, EY, highlighted a significant weakness in the Combined Authority's governance arrangements. These weaknesses and the authority's plans to address them are covered in the Annual Governance Statement.

4. Operational Model

The Devolution Deal for Cambridgeshire and Peterborough set out key ambitions for the Combined Authority to make our area a leading place in the world to live, learn and work. These include:

- Doubling the size of the local economy
- Accelerating house building rates to meet local and UK need
- Delivering outstanding and much needed connectivity in terms of transport and digital links
- Providing the UK's most technically skilled workforce
- Transforming public service delivery to be much more seamless and responsive to local need
- Growing international recognition for our knowledge-based economy
- Improving the quality of life by tackling areas suffering from deprivation

A significant element of the devolution deal was the award of a single pot of investment. This single pot for Cambridgeshire & Peterborough Combined Authority initially comprised of a devolved, multi-year transport settlement and an additional long-term investment fund grant, worth up to £600 million over 30 years.

5. Risks and Opportunities

COVID-19

On 25 March 2020, the Combined Authority set out its response to COVID-19 to support recovery and formulated an approach covering an immediate, short term and medium-term response.

The Combined Authority conducted a review of all priorities to focus on those which would support economic recovery following the impact of the pandemic.

The Combined Authority Board approved the budget for 2021/22 and MTFP for the four-year period to 2024/25 in January 2021. The MTFP set out assumed future funding streams and a full capital programme of investments for the period. The whole of the MTFP was reviewed to consider risks to delivery and to focus on priorities which will support economic recovery.

The MTFP confirmed that the programmes and projects which were contained within the Business plan were affordable within the expected funding envelope across the lifetime of the MTFP, whilst maintaining a £1m Contingency Reserve.

Compassion, Cooperation and Community.

At the Combined Authority we are committed to our values of leading with compassion, working cooperatively, and serving our community. We want to make sure that everything we do makes life better, healthier and fairer for all. If rising prosperity does not make life better, healthier or exhausts the resources our children will need for the future, our economic project is flawed. It is now recognised that we don't just need growth: we need good growth. Our aim is not simply to increase our income, but to increase our area's wealth, in a way that is driven by our values.

Sustainable Growth Ambition

The adoption by the Combined Authority of a Sustainable Growth Ambition statement shifts to a broader thinking, focussing not just on one measure but on a range of measures that taken together demonstrate that the area is growing sustainably towards its GVA target; these measures can be grouped around six keys of sustainable growth. These are

Climate and Nature: restoring the area's depleted natural capital and addressing the impact of climate change on our low-lying area's special vulnerabilities and encouraging businesses to come up with solutions.

People: building human capital - the health and skills of the population - to raise both productivity and the quality of life so that that people in our region are healthy and able to pursue the jobs and lives they want.

Innovation: building on our reputation for new thinking, new technology and new ideas in Cambridgeshire and Peterborough to ensure this area can continue to be one of the most dynamic.

Reducing inequalities: investing in the community and building social capital to complement improved skills and connectivity as part of the effort to narrow the big gaps in life expectancy and people's income between places.

Infrastructure: from digital and public transport connectivity to water and energy, building out the networks needed to support a successful future.

Financial and systems: improving the institutional capital – the ways we work, organise, and fund ourselves - which supports decision-making and delivery.

6. Strategy and Resource allocation

Climate and Nature

The Combined Authority has established the Independent Commission on Climate to provide independent evidence and advice on climate issues. The Commission has made 58 recommendations for action toward a pathway to reach Net Zero by 2050 (or before). The Commission found that transport and the heating of buildings provided the most emissions and are priorities for action. Emissions from soils are also a particular issue for the area, as they add a third to overall emissions. We will take action on climate recommendations where we have direct influence and will convene and support organisations in addressing the other climate recommendations. For the natural environment the Combined Authority Board has endorsed the “Doubling Nature” ambition. This will seek to double the amount of rich wildlife and natural green space. Our transport strategy has also evolved and business cases will include increased emphasis on climate impact. Improving public transport connectivity is at the heart of our climate strategy to combat the high levels of transport emissions in the region with a high reliance on private car use. We have developed a vision for buses that has committed to encourage sustainable growth and protect and enhance our environment. We intend to build on our strong active travel credentials building on our success as we have the highest UK cycling rates in Cambridge.

Health and Skills

Our Employment and Skills Strategy sets out what our ambition means for each of the groups interacting with the skills system:

People experience fulfilment and good physical and mental health with productive, quality working lives. They drive their own learning and can access support and learning to meet their personal and work ambitions.

Employers are providing good quality jobs, have the skills they need in their staff and can recruit the right person for the right job.

Providers work collaboratively in an integrated education and skills system to deliver learning, qualifications, careers education and support to enable people to enter the labour market in the ways that suit individual's needs and ambitions.

Place leaders secure outcomes for the whole place, convening and supporting collaboration between employers and the integrated skills system

Innovation

Our Local Industrial Strategy (LIS) proposes that the area's economic growth is supported by harnessing innovation. A key priority in the LIS is to replicate and extend the infrastructure and networks that have enabled Cambridge to become a global leader in innovative growth, creating a business support and innovation ecosystem to promote inclusive growth to replicate the “Cambridge Phenomenon”. Research is fundamental to achieving this replication, as it produces the new ideas and technologies that enable entrepreneurs to start up, existing businesses to scale-up and for new tech-firms to spin-out of academic and research institutions. It

requires the generation of free-flowing exchange of ideas and insights that ensure research is informed by local business' needs. To achieve this, we will bring together leading entrepreneurs, innovators, mentors and coaches with growing firms to strengthen linkages across the area. We will also support businesses, universities and other partners to collaborate to maximise public and private investment, including Research & Development funding, and improving funding to support the growth of local businesses into global markets. Peterborough and Fenland require level 5, 6, 7 & 8 skills in advanced manufacturing and technologies that support the drive to net-zero. This will require the development of an innovation and business support eco-system to grow indigenous high-value firms and attract new ones to Peterborough and Fenland. The creation of new launchpads will be the focal points for this innovation cluster development, focusing on product development to support key growth sectors such as Agri-tech, artificial intelligence and advanced manufacturing innovation.

Reducing Inequalities

Levelling-Up is important to our region. Peterborough and Fenland are ranked as Priority One and Two retrospectively by the Government for levelling-up funding. Both have skills and quality of employment deficits that leads to deprivation, including:

Education deprivation – just 32.1% of the population gain a National Vocational Qualification 4 or above qualification compared to 43% nationally.

Social and health deprivation – healthy life expectancy is below retirement age in parts of Fenland.

Child poverty – 25% of people in Peterborough are living in poverty, compared to 17% nationally.

Poor social mobility – Peterborough is ranked 191st and Fenland as 319th out of 324 local authority districts putting it in the bottom 2% of places nationally

The major contributing factors are low aspirations, poor access to higher education and high-quality employment. Our Independent Economic Review (CPIER), which was designed to identify the economic performance and potential of Cambridgeshire and Peterborough, identified a new higher education institution in Peterborough as the only viable solution to the Higher Education Cold-Spot. The Local Industrial Strategy (LIS) also identifies the northward expansion of the innovation clusters and networks from Cambridge, as the primary route to improving the knowledge intensity and quality of employment for Peterborough and the Fens. An inclusive growth strategy and improving absolute standards of living is vital for the long-term economic sustainability of our economy. Local political, education and business leaders are working together to achieve this, across place, sectors and political affiliations and we are keen to work with Ministers, to re-envision what Place Based innovation means and how it can be delivered to drive levelling-up. Improving transport connectivity will also aim to connect cut off communities, to create a far-reaching and affordable public transport network.

Infrastructure

Our infrastructure strategy is set out in the statutory Local Transport Plan and Digital Infrastructure Strategy. A new Local Transport and Connectivity Plan (LTCP) will be published in 2022. This document is a refresh to the first Local Transport Plan for Cambridgeshire and Peterborough published in 2020. The LTCP will describe how transport interventions can be used to address current and future challenges and opportunities for Cambridgeshire and Peterborough. It will set out the policies and strategies needed to secure growth, address the climate crisis and ensure that transport enables opportunity for all, with people able to access key services that will improve their quality of life, in a sustainable way.

The LTCP has six objectives:

Productivity – Giving both employers and people the means to fulfil their potential, making them more efficient and more innovative to create more prosperity.

Connectivity – People and communities are brought closer together, giving more opportunities for work, education, leisure, and pleasure.

Climate – Successfully and fairly reducing emissions to Net Zero by 2050.

Environment – Protecting and improving our green spaces and improving nature with a well-planned and good quality transport network.

Health – Improved health and wellbeing enabled through better connectivity, greater access to healthier journeys and lifestyles and delivering stronger, fairer and more resilient communities.

Safety – To prevent all harm by reducing risk and enabling people to use the transport system with confidence

Finance and Systems

We commit to a continued review of the funding we receive to ensure we can meet the ambitions set out in our strategies. We will therefore continue to lobby for funding to invest in interventions that will provide sustainable and healthy places in which to live and work. In 2021 we have been successful on bids from central government totalling over £40m, and in 2022 amongst other things we will lobby for a lead role in Shared Prosperity Fund allocation and be looking at opportunities to bid for Transport Levelling Up funding. We will also continue to build public and private partnerships where to date we have leveraged over £150 million from the private sector through our Business Board alone. We will continue to look at innovative ways to invest in the region and our businesses, one of the ways we currently invest is through Recycled Growth Funds. Recycled Growth Funds are made up of repayments from previous Growth Fund investments, based on recommendations from the Business Board. As these investments repay the funds these can be reinvested in new projects delivering jobs and skills in the area. The interest payments on these investments give the Business Board revenue funds as well.

Our Key Achievements in 2021/22

In 2021 we have been successful on bids from Government totalling over £40m, this includes £20m of Levelling Up funding, £13.8m of Getting Building Funding, almost £4.3m for 30 Zebra buses, almost £3.4m of Community Renewal Funding and £2.9m of active travel funding. We have received funding confirmation that following the completion of a successful Cambridge South business case by the Combined Authority, Government have announced within the Budget that this project is funded, subject to planning to proceed for completion in 2025. Similarly in 2021 an important Combined Authority objective was achieved by securing agreement that the A47 project would be taken forward in partnership with National Highways. Construction began on Manea and March stations to provide better station and platform facilities as well as improved parking and bus connectivity points. Over the course of 2021 a set of Quick Win schemes in March have also been delivered with only two remaining, these include zebra crossings, signage, footways, and link roads to improve safety and connectivity. In 2021 we rolled out E-bikes and E-scooters into Cambridge and Peterborough. The scheme so far has tracked more than 224,000 trips in Cambridge alone that have travelled over 1million kilometres (equivalent to 25 times around the equator). The trial has been used by more than 36,000 active users. In the first 10 months of the Cambridge trial, it is estimated that 73,000 fewer car journeys have taken place which equates to a 66-tonne reduction in Carbon Dioxide emissions. For the Digital Connectivity programme in 2021 we hit our full fibre target of 20% a year early and we are now at 35%. The public access CambWifi network has been extended to market towns in Huntingdonshire and East Cambridgeshire and is live in Peterborough city centre, with planning underway for deployment in March and Whittlesey. In 2021 we rolled out a trial of Demand Responsive Transport in West Huntingdonshire named 'Ting', it is too early to make conclusions about its success, but the numbers are promising with an estimated 500 individual passenger trips a week prior to Christmas. In partnership with Cambridgeshire County Council, we have begun construction on King's Dyke which is a £32 million infrastructure project. The bridge is now in position over the railway line and the two new roundabouts are taking shape. The University of Peterborough Phase 1 begun construction and will open in September 2022 to 2,000 students, and funding has been approved to begin phase 2 and 3. We have also continued creating jobs through the Local Growth Funds with 4,863 created over the course of the fund, and have continued to create jobs, apprenticeships and attract inward investment through our innovative Business Growth Service. For housing, by the end of the programme we expect to have delivered 1,560 additional affordable houses.

Basis of Preparation and Presentation

This Statement of Accounts has been prepared in accordance with statutory requirements, detailed in the Local Government Act 2003, the Accounts and Audit Regulations 2015 and The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code).

The Statement of Accounts brings together the major financial statements for the Combined Authority for the financial year 2021/22. The financial statements, along with the notes that accompany them, aim to give a full and clear picture of the financial position of Cambridgeshire and Peterborough Combined Authority. The key contents of the various sections are as follows:

- Statement of Responsibilities – sets out the responsibilities of the Combined Authority and the Chief Finance Officer in respect of the Statement of Accounts.
- Comprehensive Income and Expenditure Statement – shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.
- Movement in Reserves Statement – this statement shows the movement in the year on the reserves held by the Combined Authority.
- Balance Sheet – shows the value of the assets and liabilities recognised by the Combined Authority as at 31 March 2022.
- Cash Flow Statement – summarises the inflows and outflows of cash, and cash equivalents, arising from transactions with third parties.
- Notes to the Financial Accounts - the various statements are supported by technical notes and by the Statement of Accounting Policies.
- Annual Governance Statement – sets out how the Combined Authority's governance arrangements comply with the principles of the Local Code of Governance.

Jon Alsop
Chief Finance Officer (S73)

Annual Governance Statement

For the year ended 31 March 2022

Cambridgeshire and Peterborough Combined Authority Annual Governance Statement – 2021/22

Scope of Responsibility

The Cambridgeshire and Peterborough Combined Authority (“the Authority”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. The Authority is also the accountable body for the Local Enterprise Partnership (known as the Business Board) and Greater South East Net Zero Hub.

The Combined Authority also has a duty under the Local Government Act 1999 to arrange to secure continuous improvement in the way in which its functions are exercised.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions including arrangements for the management of risk.

The Authority was formally established on 3 March 2017 and continues to develop and refine its governance arrangements through regular review of its key documents. Latest copies of its constitution, assurance framework and monitoring and evaluation framework are available on its website.

The governance arrangements will comply with the principles of the Local Code of Governance, which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government 2016 and the National Local Growth Assurance Framework (January 2019)*.

This statement explains how the Combined Authority has complied with the Code and meets the requirements of the Accounts and Audit Regulations 2015 Regulation 6.1 (b) in relation to the publication of an Annual Governance Statement.

The Authority acknowledges that good governance arrangements will enable it to establish effective policies and to deliver ambitious programmes to communities in the combined authority area. The arrangements put in place must be both robust and adaptable to deliver its objectives in a dynamic and strategic environment.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the Authority is directed and controlled and how it engages with and leads the community in those activities for which it is accountable. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them effectively.

The Governance Framework

Context

The Cambridgeshire and Peterborough Combined Authority Order 2017 was made on 2 March 2017 and came into force on 3 March 2017.

The Cities and Local Government Devolution Act 2016 came into force on 28 March 2016, making Cambridgeshire and Peterborough local authorities amongst the first to establish a combined authority for its area under these new provisions. Following the making of the Order, the Authority's first directly elected Mayor was elected on 4 May 2017 for a four-year term of office. The Authority's second mayor was elected in May 2021.

The powers which were devolved from Central Government to the Combined Authority include:

- Control of a £20 million a year funding allocation, over 30 years, to be invested in the Cambridgeshire and Peterborough Single Investment Fund, to boost growth.
- Funding to deliver new homes over a five-year period in Cambridgeshire and Peterborough which included affordable, rented and shared ownership housing.
- Responsibility for chairing an area-based review of 16+ skills provision.
- Responsibility to develop a more effective joint working with the Department for International Trade to boost trade and investment through agreement of a Joint Export Plan
- Powers devolved to the Mayor as part of the devolution plan include:
 - Responsibility for a multi-year, consolidated and devolved transport budget.
 - Responsibility for an identified Key Route Network of local authority roads.
 - Powers over strategic planning and the responsibility to create a non-statutory spatial framework for Cambridgeshire and Peterborough and to develop with Government a Land Commission.

Further secondary legislation has since come into force to increase its powers. This includes:

- Mayoral powers to levy a business rate supplement to raise money for projects that will promote economic development.
- Devolved powers for the Adult Education Budget and associated powers to deliver an adult education service that supports wider economic and social priorities.
- Housing regulations enabling the Combined Authority to fund homes for Affordable Rent.

The Combined Authority is small in size and while it has been strategic in nature, it is also an operational delivery body for functions including the provision of bus services and adult education. It is also the local transport authority for the area of Cambridgeshire and Peterborough. The Authority has mainly delivered through a commissioning model with delivery being undertaken by those best qualified to do so across the public and private sector. It has increased staff numbers and increasingly delivers through the internal expertise of its employed officers across a range of disciplines.

Delivery through Subsidiary Undertakings

The Combined Authority currently has 6 subsidiary companies over which it has a significant level of control. Material trading activity of the subsidiaries only started in 2020-21 and, as such, the governance arrangements of these companies has become increasingly important. This is an area of significant interest across the Local Authority sector given recent high-profile issues that have come to light. CIPFA have now published new guidance on governance of Local Authority Trading Companies (LATC) and the Combined Authority will

review its own governance arrangements considering this guidance, to ensure they are appropriate and effective.

Officers are working with the Audit and Governance and Overview and Scrutiny committees to develop and deliver appropriate oversight arrangements in respect of the companies.

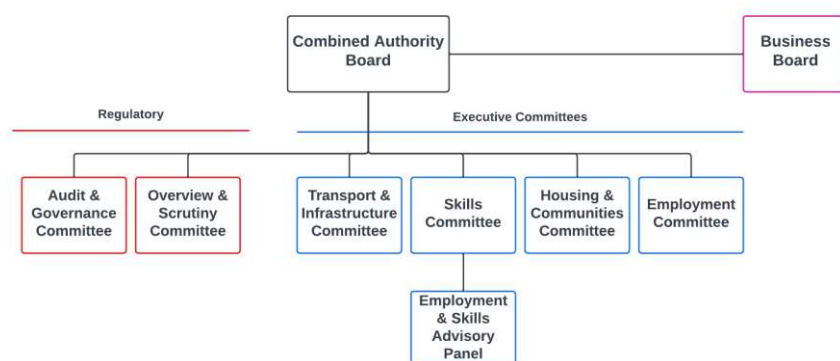
Cambridgeshire and Peterborough Combined Authority Structure

The Authority is made up of a directly elected Mayor and the following seven local authorities (referred to as the Constituent Councils) and the Local Enterprise Partnership known as the Business Board:

- Cambridge City Council;
- Cambridgeshire County Council;
- East Cambridgeshire District Council;
- Fenland District Council;
- Huntingdonshire District Council;
- Peterborough City Council; and
- South Cambridgeshire District Council.

In addition, the Authority co-opts the Police and Crime Commissioner, a representative of the Clinical Commissioning Group (CCG), and a representative from the fire authority.

The Constitution for the Authority sets out the Authority's governance arrangements. It sets out the powers and functions of the Combined Authority, including matters reserved to the Mayor and Board, financial procedures, contract standing orders, Member Codes of Conduct, the scheme of delegation to officers and arrangements for the operation of executive committees, an overview and scrutiny committee, and an audit and governance committee function.



The Scheme of Delegation provides for the day-to-day management and oversight of the Authority including the responsibilities of the Head of Paid Service, the Chief Finance Officer and the Monitoring Officer.

The key elements of the governance framework, its systems and processes, are outlined below.

Combined Authority Board

Each of the Constituent Councils appoints a nominated representative to be a Member of the Combined Authority and another Member to act in his or her absence. The Business Board (LEP) also nominates one of its members, normally the Chair and a substitute member, to be its representative. The Business Board representative has full voting rights on the Combined Authority Board.

The Board's role and powers are set out in the constitution. The Board provides strategic leadership for the Combined Authority area, approving strategies, policies and budget allocation to ensure that the required outcomes are delivered.

The Combined Authority Board has invited the following organisations with direct responsibility for functions relevant to the Combined Authority objectives to become co-opted Members to attend the Combined Authority Board and may take part in the debate.

- (a) The Police and Crime Commissioner for Cambridgeshire;
- (b) Cambridgeshire and Peterborough Fire Authority representative;
- (c) Cambridgeshire and Peterborough Clinical Commissioning Group representative.

Mayor

Certain functions are reserved to the Mayor as set down in the Order and the Constitution. The Mayor has an overall leadership role and chairs the Board meetings. Both the Mayor and the Combined Authority have a general power of competence.

The functions of the Combined Authority are grouped into portfolios. In accordance with the Combined Authority's Constitution, the Mayor and the Combined Authority Board agree portfolio responsibilities in respect of those functions. The Mayor nominates Lead Members from amongst the Members of the seven constituent councils who are formally approved by the Board. Each Lead Member leads on his/her allocated portfolio functions and is accountable for his/her allocated area. Lead Members do not have delegated powers.

Executive Committees

In September 2018, the Board set up three executive committees; the Transport and Infrastructure Committees, the Skills Committee and the Housing and Communities Committee. By placing responsibility for three of the largest portfolios into a committee system, it enabled the Combined Authority to meet challenges of resilience and volume. The Chair of each committee leads the portfolio responsibilities of that committee and can distribute responsibility for delivering discrete areas of the portfolio amongst the members of the committee. By creating a division of the portfolio workload across the committee members, the Combined Authority ensures a measure of continuity in the delivery of its key projects. A committee system also allows member oversight of the delivery of its

programme of works against the Combined Authority's Assurance Framework and Monitoring and Evaluation Framework.

In September 2019 the Combined Authority Board agreed amendment to the Authority's constitution to strengthen the role of the Executive Committees by delegating to them decision-making powers previously exercised by the Combined Authority Board. The membership of the Executive Committee was expanded to include representatives of all the constituent councils on each committee.

The advantages of these arrangements include:

- Creating more realistic workloads for the members of the Combined Authority Board.
- Allowing members of the Combined Authority Board to have a strategic focus.
- Increasing the profile of the Authority amongst the constituent councils.
- Increasing the understanding of the Authority amongst constituent councils.
- Sharing of knowledge and regional issues.
- Improving cross-boundary co-operation.
- Bringing in additional member expertise to the Authority in key areas, and
- Decreasing the frequency of Combined Authority Board meetings.

The effectiveness of these governance arrangements is kept under review by the Authority's Audit & Governance Committee. The most recent review is nearing completion will report findings and recommendations to the Board in the Summer of 2022.

Overview and Scrutiny Committee

The Combined Authority has established an overview and scrutiny committee to comply with the requirements of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017. The Committee comprises 14 elected councillors, two from each of the seven constituent councils, and reflects the political balance across the combined authority area. Its primary role is to review and scrutinise decisions of the combined authority and the Business Board. They monitor the Forward Plan of forthcoming key decisions and may call-in any of these decisions where members consider that further scrutiny and challenge is required.

The committee undertakes other roles including pre-decision scrutiny where they can act as a "critical friend" to highlight key issues, and challenge policies at the developmental stage. The Mayor and Chief Executive attend meetings at least quarterly to update the committee and to answer any questions.

A review of the working arrangements was recently conducted by The Centre for Governance and Scrutiny (CfGS) to support the future work of the Overview and Scrutiny Committee and to develop its role. The review included an examination of:

Culture: The mindset and mentality underpinning the operation of the overview and scrutiny process

Information: How information is prepared, shared, accessed and used in the service of the scrutiny function, and

Impact: Ways to ensure that scrutiny is effective, that it makes a tangible difference to the lives of local people.

Audit and Governance Committee

The Board has established an Audit and Governance Committee in accordance with the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017. It comprises 7 elected members reflecting the political balance across the area and an independent person who chairs the meetings.

The Chair of the Audit and Governance Committee presented his annual report to the Combined Authority Board at its Annual General Meeting in June 2022. The annual report highlights the work of the Committee for the Municipal Year and details the following:

- Background to the Committee, its roles, responsibilities and membership;
- An overview and coverage of its remit including Internal Audit, Accounts and Financial Management, External Audit, Risk Management, Control Assurance, Corporate Governance, and Fraud and Irregularities;
- Training provided to ensure that suitable challenge and scrutiny is adopted.
- Records of complaints, Freedom of Information requests and attendance levels for the committee to consider.

The Audit and Governance Committee has an independent chair, who was re-appointed for a second period of four years in 2021.

Business Board (Local Enterprise Partnership)

On 1 April 2018, the Greater Cambridge Greater Peterborough Local Enterprise Partnership was dissolved, and a new Local Enterprise Partnership was formally created in September 2018 and is known as the Business Board. The Business Board is a voluntary partnership between constituent councils and non-constituent local authorities and the business community, playing a key role in determining local economic priorities and growth. The Partnership is a key interface with Central Government and the region and offers policy advice and strategic direction aligned to the Authority's objectives.

The current membership comprises fourteen members, which includes two public sector members and up to twelve business representatives from amongst the key sectors across the Cambridgeshire and Peterborough area. The majority members on the Board are from the private sector. Membership of the Business Board reflects two key priorities:

(1) that the Business Board should be predominantly private sector led to provide the best possible platform for businesses within the area and that

(2) the Board ought to be comprised of representatives of those key sectors which are driving economic growth in the area.

The Mayor and the Lead Member for Economic Growth are members of the Business Board recognising the importance of its role and of the private sector in any growth strategies for delivery in the Authority's area.

The Business Board is closely aligned to the Authority through a unified assurance framework and has a single staffing structure under the Authority's Chief Executive. The Combined Authority is the accountable body for the Business Board.

The Business Board's constitutional arrangements comply with the National Local Growth Assurance Framework and with the joint Local Assurance Framework for the Authority and the Business Board.

Strategic Direction

The **Combined Authority's Sustainable Growth Ambition Strategy** sets out the area's responsibility in pursuing economic growth to ensure that rising prosperity makes life better, healthier and fairer, and does not exhaust the resources our children will need for the future. More and more people are recognising that we don't just need growth: we need good growth. Our aim is not simply to increase our income, but to increase our area's wealth, in a way that is driven by our values.

The values the Mayor wishes to be the hallmark of his term in office are

- Compassion
- Cooperation
- Community.

These frame how we will pursue the devolution deal's overall aim of achieving sustainable growth.

The Sustainable Growth Ambition Strategy (SGAS) aims to build up the capital stock of Cambridgeshire and Peterborough across the six keys of

- Health and Skills: building human capital to raise both productivity and the quality of life;
- Climate and Nature: restoring the area's depleted natural capital and addressing the impact of climate change on our low-lying area's special vulnerabilities;
- Infrastructure: from digital and public transport connectivity, to water and energy, building out the networks needed to support a successful future;
- Innovation: ensuring this area can continue to be one of the most dynamic and dense knowledge economies in Europe;
- Reducing inequalities: investing in the community and building social capital to complement improved skills and connectivity as part of the effort to narrow the gaps in life expectancy and income between places;

- Financial and systems: improving the institutional capital which supports decision-making and delivery.

The **Cambridgeshire and Peterborough Combined Authority Business Plan** sets out the authority's investment priorities. It is updated annually and presented to the Board for approval each January, alongside the Authority's budget and Medium-Term Financial Plan.

The Medium-Term Financial Plan forms the investment plan for the Combined Authority and allocates resources to deliver the next stages of these priority programmes.

This Business Plan and the Medium-Term Financial Plan sets out at a high level the transformational investments that the Cambridgeshire and Peterborough Combined Authority will commit resources to, subject to the detailed consideration and appraisal of project business cases. Some are project ideas at an early stage whilst others are in-progress construction projects. The Business Plan and the Medium-Term Financial Plan are not intended to be an exhaustive list of activity as new opportunities will arise during the financial year, but it identifies the key activities that will need investment during the plan period to unlock the opportunities they could bring. Prioritisation has been undertaken to ensure that our investment goes into projects that will have a significant impact on growing the whole Cambridgeshire and Peterborough economy in accordance with the six keys of the SGAS.

The Business Plan aligns with the approach to performance management reporting to enable members to monitor performance against the Business Plan priorities

The Combined Authority has progressed key investment decisions in a range of transport and infrastructure, skills, housing and economic development initiatives.

Assurance Framework

The Assurance Framework complies with the National Local Growth Assurance Framework and was approved by the Board in March 2021 following feedback and sign off from CLGU (Cities and Local Growth Unit). The Assurance Framework sets out:

- (a) How the seven principles of public life shape the culture within the Combined Authority in undertaking its roles and responsibilities in relation to the use and administration of the Cambridgeshire and Peterborough Investment, incorporating the Single Pot funding.
- (b) The respective roles and responsibilities of the Combined Authority, the Business Board and officers, in decision-making and ways of working.
- (c) The key processes for ensuring accountability, including public engagement, probity, transparency, legal compliance and value for money.
- (d) How potential investments to be funded through the Cambridgeshire and Peterborough Medium Term Financial Plan incorporating the Single Pot, will be appraised, prioritised, approved, signed off and delivered.
- (e) The processes for oversight of projects, programmes and portfolios and how the progress and impacts of these investments will be monitored and evaluated.

Project Delivery

The monitoring and evaluation framework provides assurance to the Combined Authority Board and to Central Government through robust monitoring and evaluation arrangements for each of the commissioned projects. Monitoring and evaluation (M&E) is a critical component of an effective performance management regime. Monitoring supports the effective tracking of a scheme or series of policy interventions ensuring that intended outputs are being achieved. Evaluation quantifies and assesses outcomes, including how schemes were delivered and whether the investment generated had the intended impact and ultimately delivered value for money.

The Monitoring & Evaluation Framework incorporates the Local Growth Fund monitoring and evaluation plan. Being able to show the efficacy and impact of the Business Board's investments enables a positive case to be made to Government in discussions regarding the allocation and responsibility for future funding streams.

Decision Making

All agendas and reports produced for meetings of the Combined Authority, its associated Committees and the Business Board are issued to members and published on the Authority's website in accordance with access to information requirements in the 2017 Order. All Combined Authority Board and Executive Committee meetings are held in public.

A Forward Plan identifying strategic decisions that will be made by the Board over a four-month period is updated and presented to the Combined Authority Board at each meeting. It will also include all forthcoming key decisions which require at least 28 days' notice.

Notice of decisions are also published no more than two days after the meeting and are not implemented until five days after they are published to enable the Overview & Scrutiny Committee to exercise its right to call-in decisions.

Financial Management

A key responsibility of the Combined Authority is determining, agreeing and monitoring appropriate budgets for it to be able to fulfil strategic objectives.

A budget framework has been agreed for setting the budget in future years which takes account of the process laid down in the Combined Authorities (Finance) Order 2017

In summary, the draft Budget shall be submitted to the Combined Authority Board for consideration and approval for consultation purposes before the end of December. The Board will agree the timetable for consultation and those to be consulted. The consultation period shall not be less than four weeks, and the consultees shall include Constituent Authorities, the Business Board (LEP) and the Overview and Scrutiny Committee.

Before 1st February, having considered the draft Budget, the consultation responses, and any other relevant factors, the proposed budget for the following financial year, including the Mayor's budget, will be submitted to the Board for final approval. There is also a process for agreeing the Mayor's budget where no agreement can be reached.

Budget update reports are presented bi-monthly at Combined Authority Board meetings to provide information on income and expenditure for the year to date, and the forecast outturn position against the approved budget and provides analysis of material variances for both Revenue Funds and the Capital Programme.

The Combined Authority is required to adhere to the CIPFA Financial Management Code. The following key actions were identified in the 2020-21 Annual Governance Statement and a summary of actions taken to address them is included below:

- A formal timeline for the creation of the Annual Governance Statement will be established.- To be included in the next review of the CPCA Financial Regulations
- Regular budget holder and project manager training will be implemented to reinforce the responsibilities associated with those roles The Combined Authority is

rolling out new functionality of its core financial system and formal budget holder training is being developed as part of this transformation.

- The Authority will carry out a financial resilience assessment – The Combined Authority has considered its arrangements and position against the four pillars of financial resilience identified by CIPFA: routine, benchmarking, having clear plans and reserves to establish whether actions are required to further promote financial resilience.
- Regular financial reporting to Executive Team (previously Corporate Management Team), Committees and Boards will include key balance sheet items – regular financial reporting is in place for the Executive team (via the Performance and Risk Committee), Committees and Boards.

Developing Capacity

The Combined Authority's external auditors have highlighted a concern that *"the Authority has insufficient capacity, capability and an inappropriate culture to support the effective governance and operation of the organisation."* The staffing structure will be reviewed in 2022 as part of the Combined Authority's Improvement plan to address these concerns.

Internal Audit

RSM Assurance Limited provide the Chief Internal Auditor function for the Combined Authority and presented the audit plan for approval to the Audit & Governance Committee April 2021 and has provided the Committee with regular updates since then.

External Audit

On 1 June 2022, the Combined Authority's auditors, EY, wrote to the Chair of the Audit and Governance Committee in accordance with their responsibilities under the National Audit Office (NAO) 2020 Code of Audit Practice. The NAO Code sets out how auditors are expected to approach their work on Value for Money arrangements. The Code requires that where the auditor has concluded that there is a significant weakness in a body's arrangements, it should be reported to this body as soon as practicable, supported with recommendations for improvement. The EY letter identified a significant weakness in the Combined Authority's Governance arrangements – How the Authority ensures that it makes informed decisions and properly manages its risks. To address the significant governance weakness, *"the Authority needs to urgently ensure that it has sufficient appropriate leadership capacity to be able to deliver its objectives and statutory responsibilities. In order to do so, we (EY) believe more formal intervention is required, and expeditious discussions with the Authority's sponsoring department to this end are time critical"*.

A paper is scheduled to be taken to the July 2022 Combined Authority Board meeting to outline an Improvement Framework to address the significant weaknesses highlighted in the EY letter – see the Improvement Framework section below.

Risk Management

The Authority's Audit and Governance Committee is responsible for overseeing the Authority's risk management strategy and corporate risk register.

Corporate and project risks are identified, recorded and monitored by the Performance and Risk Committee, a group made up of Combined Authority Officers and the Audit & Governance Committee. Significant risks are escalated to the Combined Authority Board where necessary.

Managing Performance

Given the level of investment undertaken by the combined authority, it is vital that it follows robust programme management processes for its programmes and for collective consideration of outputs and outcomes. Alongside the monitoring and evaluation framework, a Performance Management process has also been developed, to monitor and report on programme delivery (time, quality, cost) and the outcomes and impact of projects/programmes. Regular papers are taken to Board meetings which report on the performance of the Combined Authority's projects. The analysis includes a 'delivery dashboard' which provides metrics showing progress being made against devolution deal commitments to deliver Prosperity (measured by Gross Value Added (GVA)), Housing and Jobs.

Review of Effectiveness

The Authority has responsibility for conducting an annual review of the effectiveness of its governance framework. This includes consideration of systems of internal control and arrangements for internal audit and assurance statement from key officers. This has focused on where we are now and where we want to be in the year ahead against the Good Governance Principles.

The Combined Authority currently has 6 subsidiary companies over which it has a significant level of control. The Combined Authority will review its governance arrangements for its subsidiary companies in light of recommendations expected from the relevant RSM internal audit review and the guidance published recently by CIPFA.

The Chief Internal Auditor of a Local Authority is required annually to provide their opinion on the overall systems of internal control and their effectiveness.

The Annual Internal Audit Opinion

The annual internal audit opinion is based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

For the 12 months ended 31 March 2022, the draft head of internal audit opinion for Cambridgeshire and Peterborough Combined Authority is as follows:

“There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective”.

“Factors and Findings which have informed our opinion”

Risk Management

We have not undertaken a specific risk management review in 2021/22. An audit of risk management was originally included within the 2021/22 plan following the partial (negative) assurance opinion issued in 2020/21. Management advised that whilst some progress had been made, there were still a number of areas arising from the partial assurance opinion that still needed to be addressed.

Governance

Our governance coverage in 2021/22 was focussed on Subsidiary Governance (currently in draft). Our review identified significant issues requiring management attention, including a lack of operational and financial reporting from the subsidiary companies to the CPCA, and a lack of oversight from the CPCA regarding the operations of its subsidiaries.

We have also been advised post year end of a governance review commissioned by the Authority and conducted by Governance First Limited which has further highlighted a wide range of improvement actions required in the area of governance. Following this review we have also been advised of a subsequent letter from EY, the authority’s external auditors and the potential impact that the findings from the governance review may have on their value for money conclusion. These post year end events have also been taken into account when forming our opinion.

Internal Control

In addition to the Subsidiary Governance audit, we undertook four further assurance assignments during 2021/22, from all four of which the Authority could take positive (reasonable) assurance:

Adult Education Budget
Key Financial Controls – financial reporting and general ledger
Capital Programme – monitoring and reporting
Payroll

Our Follow Up review, conducted on a sample of the previously agreed management actions across five previous audits concluded that the Authority had made reasonable progress in implementing the actions.

We also undertook two additional follow-up reviews relating to the IT Control Framework. These reviews followed on from the minimal (negative) assurance audit undertaken in 2020/21. The first of these reviews found that of the four actions that had become due for implementation, three had been implemented, but one high priority action had not been implemented. The second review (currently in draft) followed up that high priority action plus the six remaining actions which were all due for implementation....the same high priority action, which related to ensuring sufficient IT specialism/expertise is maintained amongst the authority’s workforce, had not been implemented.

Advisory Reviews

As part of the internal audit plan, our specialist colleagues undertook an advisory Fraud Risk Assessment, which identified seven areas for suggested improvement, but did not identify any significant areas of weakness. In addition to the audits of the original 2021/22 audit plan, we were also commissioned to undertake three additional advisory reviews: OneCAM – Governance and Decision-making, Community Land Trust Advisory review (currently in draft), and an Analysis of Government Procurement Card expenditure and Expenses – Deep dive.

Additional factors and findings informing our opinion

In forming our annual opinion we have also taken into account some significant wider governance issues. Some of these came to our attention following the independent review of governance commissioned by the Authority and subsequent concerns raised by the external auditor and reported by them to the Department for Levelling Up, Housing and Communities (DLUHC). The independent governance review made some 47 recommendations.

We note the External Auditor's concerns and include an extract from the June 2022 Audit and Governance Committee papers:

The Chair of the Committee received a letter from EY, the Authority's external auditors, on 1 June which notified him of their judgement that a value for money risk exists in the form of significant weakness in Cambridgeshire & Peterborough Combined Authority's governance arrangements.

This judgement was based on the following reasons:

- "Investigations into key individuals in the Mayor's office following a whistle-blower notification.
- Increased number of employment related claims against the Authority.
- 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.
- Weaknesses we have observed in how the extraordinary meeting of the Authority Board makes informed decisions; and
- That the nature of the whistle-blower allegations and initial findings of independent investigation reports raises significant questions on the culture, behaviour and integrity of key individuals in the Mayor's office"

and leads the auditors to a concern "that the Authority has insufficient capacity, capability and an inappropriate culture to support the effective governance and operation of the organisation and how it discharges its statutory services".

Improvement Framework

In July 2022, the Interim Chief Executive took a paper to the CPCA Board to seek approval for a series of proposals set out to drive and implement an improvement plan. The Board was recommended to:

- Note the recommendations of the Audit and Governance Committee and provide a response as requested

- Delegate authority to the Interim Chief Executive for the recruitment and appointment of additional resources, including interim Chief Officers and Statutory Officers,
 - Delegate authority to the Interim Chief Executive to finalise the senior management structure of the Authority
 - Acknowledge the scope and scale of the intended self-assessment exercise and recognition of the scale of the current issues facing the Combined Authority.
 - Support the self-assessment exercise
 - Note the review of governance and ways of working
- Request that the Board, and the Chairs of Audit & Governance Committee and the Overview & Scrutiny Committee, receive regular updates on all improvement action

The Improvement Framework will cover the following areas of focus:

- immediate capacity build
- organisational restructure
- response to Audit and Governance Committee and external audit concerns
- response to review of governance
- multiple self-assessment exercises set against 8 key dimensions with independent check and balance

Governance Arrangements

There is a dedicated Governance team to ensure the Combined Authority complies with its regulatory responsibilities and to advise members, employees and partner organisations. The team oversees several areas including supporting the Board and committees, transparent decision making, Declarations of Interest, Whistle-blowing and Freedom of Information request handling.

Freedom of Information and Environmental Information Regulation Requests

The Combined Authority is subject to the Freedom of information Act 2000 and the Environmental Information Regulations 2004, and the Governance team processes such requests. Over the last financial year, the Combined Authority has received and responded to several such requests for information.

Internal Audits have carried out an audit of the Information Governance function of the Authority and have identified areas of improvement which the Authority has promptly responded to by taking action. Some of the issues identified are being dealt with while other matters have dates in which the actions will be completed.

Review of Effectiveness

The Combined Authority is responsible for conducting, at least annually, a review of the effectiveness of its governance framework. The review of effectiveness is informed by the work of the officers within the Authority who have responsibility for the development and maintenance of the governance environment, assurance work undertaken by Internal Audit, and by comments made by the external auditors and other review agencies and inspectorates. Any areas for review will be overseen and coordinated by the Chief Executive, Chief Finance Officer and Monitoring Officer and any findings reported to the Audit and Governance Committee, as appropriate.

The Authority is aware and is planning for the coming year that:

1. Internal Audit undertake a review of the effectiveness of internal audit and of the systems of internal control.
2. Senior officers sign the annual statements of responsibilities confirming that during the year they have:

- Established arrangements for establishing directorate objectives and compliance with corporate priorities
 - Endeavoured to ensure compliance with the Authority's governance arrangements (Constitution, Ethical Framework, and Policies & Regulations)
 - Made arrangements for sound budgetary controls
 - Effectively monitored and managed performance
 - Reported to the appropriate member committees and the Board
 - Responded promptly to internal & external audits & inspections
 - Continuously managed business risks and service continuity arrangements
3. Significant work is undertaken to successfully put risk management into the heart of decision making, strategic planning and performance processes so that the Authority is risk enabled and active management of risk is undertaken throughout the organisation.
 4. A review of the Authority's corporate governance framework including the Code of Corporate governance.

Code of Conduct

All Combined Authority employees and members should be subject to a formal Code of Conduct. A member's code of conduct has recently been adopted by the Authority, which should form part of the Authority's Constitution.

Declaration of Interest.

The Authority will look into developing the register of Interests for members and officers which will be reviewed annually. In the interests of transparency, the declarations should be reviewed by both the Chief Executive and Monitoring Officer and published on the Authority's website.

Gifts and Hospitality

The Combined Authority will look to develop the register of offers of Gifts and Hospitality made to members and officers of the Combined Authority, even if these offers are declined.

Conclusion

The Combined Authority recognises its responsibilities for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively, alongside a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised.

Certification

We have been advised on the implications of the results of the review of the effectiveness of the Combined Authority's governance framework, by the Audit and Governance Committee.

The Annual Governance Statement was approved by the Audit Committee on the XX XXXX 20XX.

Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment. The Combined Authority's auditors have identified a significant value for money risk relating to its governance arrangements. The Combined Authority is taking action to address these highlighted concerns through an Improvement Framework to ensure that the Authority has sufficient appropriate leadership capacity to be able to deliver its objectives and statutory responsibilities. The Improvement Framework will support the Authority in achieving value for money through appropriate governance arrangements and safeguard the future delivery of services.

Signed: _____

Signed: _____

Date:

Date:



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 10

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY LOCAL AUTHORITY TRADING COMPANIES

To: Audit and Governance Committee

Meeting Date: 29 July 2022

Public report: Yes

Lead Member: Not applicable

From: Robert Fox
Interim Governance Officer

Key decision: No

Recommendations: The Audit and Governance Committee is recommended to:

a) Note the update on the Combined Authority Trading Companies

Voting arrangements: Note only item, no vote required

1. Purpose

- 1.1 At the request of the Audit & Governance Committee at its 28 January 2022 meeting this update report is presented to the Committee to provide information on the governance status and the organisation of the Combined Authority's Local Authority Trading Companies.

2. Background

- 2.1 At its meeting on 28 January 2022 proposed terms of reference were considered and approved by the Committee in relation to its review and assessment of the Combined Authority's Trading Companies. The Committee agreed the following Terms of Reference at that meeting:

Item 10

Terms of Reference for the Cambridgeshire & Peterborough Combined Authority Audit and Governance Committee in Relation to the Review and Assessment of the Authority's Trading Companies

- a) Assist the Combined Authority in fulfilling its oversight responsibilities in relation to reviewing and monitoring activity of the trading companies;
- b) Advise the Combined Authority Board on any matters within the Committee's powers pertaining to the trading companies;
- c) Provide appropriate review and challenge of the Combined Authority's governance arrangements of its trading companies and its appointments to the boards of the companies;
- d) Provide appropriate review and challenge on the financial information provided to the Combined Authority by the trading companies;
- e) Commission, where appropriate, the Combined Authority's internal audit function to undertake discrete activity relating to the Authority's governance of its trading companies.

2.2 The aim of these Terms of Reference is to ensure effective governance by way of bringing a robust and independent approach to the trading companies. It should be noted that the individual trading companies, and their Boards, are not directly accountable to this Committee.

2.3 The Combined Authority currently has six trading companies registered with Companies House. One of these One CAM Limited is in the process of being struck-off the register and this is likely to be completed this summer. The Combined Authority has completed all the necessary paperwork in terms of the company accounts at closure and statements of compliance. Final closure is now in the hands of the company legal advisors and the formalities are taking place. It is anticipated that the final strike-off from Companies House will occur before the end of the summer. Additionally, a paper was received at the Combined Authority Board reconvened meeting on 27 June 2022 recommending that officers be instructed to prepare a future report for the CA Board on options for, and impacts of the closure and winding-up of both Angle Holdings Limited and Angle Developments (East) Limited. The trading companies are:

Angle Holdings Limited

Incorporated in September 2019, Angle Holdings was originally set up to be a holding company for all CPCA companies. It is, however, the holding company for Angle Developments (East) Limited only; and has a single share in the Cambridgeshire and Peterborough Business Growth Service. mi

Angle Developments (East) Limited

Angle Developments (East) Limited is a housing development company incorporated in September 2019 and is owned in the main by Angle Holdings. It was incorporated with the intention of delivering affordable housing schemes and forming joint ventures with local developers in order to contribute to the housing element of the 2017 devolution deal for Cambridgeshire and Peterborough.

Cambridgeshire & Peterborough Business Growth Company Limited

Incorporated in August 2020 the Cambridgeshire & Peterborough Business Growth Company (GrowthCo) consists of three major services. These are:

The Business Growth Service: targeting places and companies that will have the most impact on our goal to shift to a more inclusive growth dynamic across sub-economies;

The Inward Investment Service: for a new all-economy foreign direct investment and capital investment promotion service for the promotion of employment space and employment property development opportunities to investors and companies from the UK and overseas; and,

The Skills Service: a digital and physical service connecting business with skills providers and talent, including targeted support to double the number of apprenticeships over five years.

The majority shareholder in the Business Growth Service is with the Combined Authority, with Angle Holdings currently retaining a single share.

One CAM Limited

One CAM Limited was incorporated in September 2020 and was established as a special purpose vehicle (SPV), as a necessary and best-practice step for delivering the infrastructure intended as part of the CAM.

Peterborough HE Property Company Limited

Incorporated in June 2020 the Peterborough HE Property Company Limited (Propco1) is a special purpose vehicle to deliver the new University on the embankment site in Peterborough. The Propco1 is the SPV for phase 1 of the programme and comprise of the Combined Authority, Peterborough City Council and the academic delivery partner, Anglia Ruskin University.

Peterborough R&D Property Company Limited

Incorporated In November 2020 for the construction of a Research & Development building which will deliver an Advanced Manufacturing Innovation Eco-System for Peterborough. The Peterborough R&D Property Company Limited (PropCo2) is a joint venture between the CPCA and Photocentric Limited.

3. Update on the Combined Authority Trading Companies

- 3.1 Since the Committee received its last report on trading companies and agreed the terms of reference the Combined Authority has appointed Trowers Hamlin to undertake all company secretarial activity on its behalf on a twelve-month contract which commenced in April 2022. The contract with the supplier includes key milestones in line with Companies House filing dates as well as a data protection schedule. Company secretarial support is provided for all operating Trading Companies and includes preparation of agenda, minutes and attendance at all company Board meetings and Annual General Meetings. The supplier will also run two directors training sessions per year as part of the contract.
- 3.2 Trowers Hamlin initially undertook an audit of the statutory registers and Companies House filings to identify any gaps following a thorough review of the company articles of association against the Combined Authority constitution. Additionally reviewing and monitoring the company shareholder agreements; groups structure charts; and an assessment of strategic risks has been undertaken. Following these reviews, a number of minor issues have been identified which the supplier is in the process of rectifying. None of these issues in any way compromises either the Combined Authority or the individual directors.

- 3.3 Information held about each of the trading companies, including filings and directorships, is available for public view on the Companies House website. The company articles of association and shareholder agreements are all in the public domain and provide detail on the expected number of directors on each company and the number of Board meetings each company is expected to hold each year. The links for each company are included for the Committee below:

Angle Holdings Limited: [Angle Holdings](#)

Angle Developments (East) Limited: [Angle Developments \(East\)](#)

Cambridgeshire & Peterborough Business Growth Company Limited: [GrowthCo](#)

One CAM Limited: [One CAM](#)

Peterborough HE Property Company Limited: [PropCo1](#)

Peterborough R&D Property Company Limited: [PropCo2](#)

4. Financial Implications

- 4.1 There are no financial implications to this report.

5. Legal Implications

- 5.1 There are no specific legal implications related to the content of this report.

6. Public Health Implications

- 6.1 There are no public health implications to this report.

7. Environmental and Climate Change Implications

- 7.1 There are no environmental and climate change implications to this report.

8. Other Significant Implications

- 8.1 There are no other implications to this report.

9. Background Papers

- 9.1 No background papers are identified for this report.



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 11

Audit and Governance Committee - Work Programming Report

To: Audit and Governance Committee

Meeting Date: 29 July 2022

Public report: Public Report

From: Anne Gardiner
Governance Manager

Recommendations: The Audit and Governance Committee is recommended to:

a) Note the current work programme for the Audit and Governance Committee for the 2022/23 municipal year attached at Appendix 1

Voting arrangements: A simple majority of all Members

1. Purpose

- 1.1 To provide the Committee with the draft work programme for Audit and Governance Committee, for the 22/23 municipal year.

2. Background

- 2.1 In accordance with the Constitution, the Audit and Governance Committee must perform certain statutory duties including the approval of accounts, governance arrangements, financial reporting and code of conduct.
- 2.2 A draft work programme which outlines when these decisions are taken for the current municipal year is attached at Appendix 1.

3. Financial Implications

- 3.1 None

4. Legal Implications

4.1 None

5. Appendices

5.1 Appendix 1 – A&G Work programme

6. Background Papers

6.1 None

AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME 2022/23

Meeting Date 2021/22	Item	COMMENTS
30 th June 2022 Civic Suite, Huntingdonshire DC		
	Election of Vice Chair	
	Minutes of the previous meeting	Standing item on the agenda for the committee to agree the minutes from the last meeting.
	CPCA Improvement Plan Update	
	Member/Officer Protocol	
Meeting Date	Item	Comment
Induction Session – 28 th July - to be rearranged		
29 th July 2022 Venue HDC		
	Minutes of the previous meeting	Standing item on the agenda for the committee to agree the minutes from the last meeting.
	Combined Authority Board Update/Improvement Plan Update	To be provided by Gordon Mitchell, Interim CEx for the Combined Authority

Meeting Date 2021/22	Item	COMMENTS
	Corporate Risk Register	
	Internal Audit Progress report	
	Internal Audit Annual Report	
	Internal Audit Revised 22-23 Plan	
	Annual Financial Statements of Accounts	
	Trading Companies Update	
	Annual Governance Statement	
	Governance Review Update	
	Work Programme	Standing item for the Committee to consider their upcoming work programme.
30th September 2022 Venue HDC		
DEVELOPMENT SESSION: Financial Strategies		
	Minutes	Standing item on the agenda for the Committee to agree the minutes from the last meeting

Meeting Date 2021/22	Item	COMMENTS
	Combined Authority Board Update	Standing item on the agenda
	Improvement Plan Update	
	Corporate Risk Register	Standing item by request of the Committee to be considered at each meeting.
	Internal Audit Progress Report	
	External Audit – 21/22 Audit Plan	
	Assurance Framework	
	Work Programme	Standing item for the Committee to consider their upcoming work programme.
2nd December 2022 Venue TBC		
DEVELOPMENT SESSION: Committee Integration at CPCA Review		
DEVELOPMENT SESSION: Project Management		
	Minutes	Standing item on the agenda for the Committee to agree the minutes from the last meeting
	Combined Authority Update / Improvement Plan	

Meeting Date 2021/22	Item	COMMENTS
	Corporate Risk register	
	Internal Audit Progress Report	
	External Audit – Annual Audit Letter	
	Review of the Constitution	
	Treasury Management Strategy Review	
	Procurement Policy	
	Climate Change Working Group Update	At the meeting in March the Committee requested that a further update be brought in six months' time outlining progress against the Plan with a focus on the Governance process and how it was operating.
	Work Programme	Standing item for the Committee to consider their upcoming work programme.
27th January 2023 Venue TBC (Reserve)		
	Combined Authority Board Update	
	Minutes	

Meeting Date 2021/22	Item	COMMENTS
	Corporate Risk register	
	Internal Audit Progress Report	
	Treasury Management Strategy Update	
	‘Lessons learned’ item following the External Auditor’s intervention	
	Six monthly review of the Member Officer Protocol	
	Work Programme	Standing item for the Committee to consider their upcoming work programme.
31st March 2023 Venue TBC		
	Minutes	
	Combined Authority Board Update	
	Improvement Plan Update	
	Corporate Risk register	
	Internal Audit Progress Report	

Meeting Date 2021/22	Item	COMMENTS
	External Audit – Annual Report	
	Information Governance Update	
	Assurance Framework	
	Treasury Management Strategy Summary	
	Audit Committee – Annual report	
	Work Programme	Standing item for the Committee to consider their upcoming work programme.