



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