



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 4.2

Combined Authority Governance Arrangements

To: Cambridgeshire and Peterborough Combined Authority Board

Meeting Date: 25 January 2023

Public report: Yes

Lead Member: Mayor Dr Nik Johnson

From: Jodie Townsend
Governance Improvement Lead

Key decision: No

Forward Plan ref: n/a

Recommendations: The Combined Authority Board is recommended to:

- a) Approve the Combined Authority Board Terms of Reference/ Key Functions set out in Appendix A.
- b) Approve proposed changes (including Terms of Reference attached at Appendices B to D) to Thematic Committees set out in 3.6.1 to 3.6.6 of this report.
- c) Approve Terms of Reference for a Human Resources Committee set out in Appendix E.
- d) Approve the Leaders Strategy Meeting Terms of Reference as set out in Appendix F.
- e) Approve the creation of the informal advisory groups as noted in 3.9.1 of this report.
- f) Approve the Calendar of Meetings set out in Appendix G.
- g) Approve the change in role of the Business Board set out in 3.11 of this report.

- h) Approve Business Board Key Functions and CPCA Membership attached at Appendix H for inclusion in Business Board Terms of Reference
- i) Endorse actions set out in 3.14 to 3.18 of the report in support of progressing new role and functions for the Business Board.

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

To be carried, the vote must include the vote of the Mayor, or the Deputy Mayor when acting in place of the Mayor.

1. Purpose

- 1.1 The review of governance, endorsed by Board in July 2022, provided recommendations designed to reshape the governance framework at the Combined Authority. The Improvement Plan that followed, which was endorsed by the Board on 19 October 2022, incorporates and builds upon the majority of those recommendations.
- 1.2 This report sets out the proposed changes to governance arrangements at the Combined Authority in line with the recommendations within the review of governance and the actions within the Improvement Plan.
- 1.3 The proposed changes are part of a set of improvement actions to bring alignment between the Corporate Plan, Medium Term Financial Plan and supporting governance arrangements.

2. Context

CPCA Governance: Board and Committees

- 2.1 In response to both the review of governance and concerns raised by the external auditors, Workstream B of the Improvement Plan endorsed by Board in October 2022 contains a number of governance arrangement improvement requirements. The proposals within this report seek to deliver Improvement Outcomes B1, B2 and B3 whilst referencing actions to delivering outcomes B4 and B5.
- 2.2 These Improvement Outcomes have interdependencies with Workstream A of the Improvement Plan, particularly in relation to developing a Corporate Plan that takes the Combined Authority to the end of current Mayoral Term alongside identified Mayoral ambitions. The Corporate Plan was agreed by the Board in January 2023.
- 2.3 The Governance Framework must reflect the Strategic Framework and should provide the platform for effective decision-making, strategy development, implementation and appropriate monitoring in line with the Strategic Objectives of the Combined Authority. A key driver behind the proposals has been aligning Corporate Plan responsibilities with the Committee structure.
- 2.4 As previously discussed with Board Members, the principle of alignment within the governance proposals has been maintained. The Board will remain the strategic decision-maker and the following key roles will be the responsibility of the appropriate Board/Committee as follows:

Set strategic objectives	- Combined Authority Board
Approve strategy	- Combined Authority Board
Make strategic decisions	- Combined Authority Board
Develop strategy proposals	- Thematic Board
Implement agreed strategy	- Thematic Board
Operational & delivery oversight	- Thematic Board
Strategic scrutiny	- Overview & Scrutiny Function

CPCA Governance: Role and Functions of the Business Board

- 2.5 Improvement Outcome C2 requires proposals to be developed to ensure that the role and function of the Business Board is fit for purpose and in line with Government recommendations.
- 2.6 Current government policy indicates several clear requirements for LEPs in terms of the role they should play in local economic development. The Levelling Up White Paper highlights the need for public-private partnership in delivering the 12 levelling up missions locally and the parameters for business and skills support have been recast with the coming of the UK Shared Prosperity Fund. Specifically in terms of purpose and functions.
- 2.7 The 2021 LEP integration guidance states the core functions of LEPs should be:
- ☐ Engaging business voice in local strategy
 - ☐ Working with local leaders to carry out strategic economic planning and maintaining a local economic evidence base
 - ☐ Delivering Growth Hub, trade and investment, Careers Hub, SAP and skills evidence, local Digital Skills Partnership activities
 - ☐ Supporting devolution deals
- 2.8 The proposals contained in this report for the future role and functions of the Business Board are in line with the above requirements and fit for purpose from both a CPCA and Business Board perspective.

Objective of Proposals

- 2.9 The proposals set out in this report are expected to deliver the following objectives:
- ☐ Focus the Board as a Strategic body supported by Thematic Committees
 - ☐ Reduce the burden of work on the Board and on Board Members
 - ☐ Empower Thematic Committees, through appropriate delegation, to implement agreed strategy as well as develop proposals for Board consideration
 - ☐ Address 'thematic gaps' identified in the Governance Review by creating an Environment & Sustainable Communities Committee which will pick up ongoing Housing issues
 - ☐ Clarify the role and functions of the Business Board as a strategic business advisory and partnership body
 - ☐ Address conclusions within the Governance Review regarding the CPCA and Business Board relationship and ways of working
- 2.10 The proposals are based on evidence taken from the Review of Governance, the Improvement Framework, a best practice review, a review on the future role of the Business Board undertaken by Metro Dynamics and significant engagement with Council leaders and Chief Executives, the Mayor and CPCA Officers.
- 2.11 The key background to this paper can be found in the Review of Governance and the Improvement Plan, links to both of which are included in section 10 of this report.

3. Governance Arrangement Proposals

Combined Authority Board

- 3.1 The following proposed recommendations in paragraph 3.2 below are made to deliver Improvement Outcome B1: *The Board's ways of working have been reset to enable it to operate in an effective and strategic manner.*
- 3.2 Approve the Combined Authority Board Terms of Reference/ Key Functions set out in **Appendix A** This will help to deliver a Board that is more effective and focused on strategy. The Terms of Reference include:
- 3.2.1 the Board delegates responsibility to Thematic Committees to implement strategy approved by Board, taking operational decisions within the Policy & Budget Framework
 - 3.2.2 the Board delegates to Thematic Committees approval of items included within an approved Medium Term Financial Plan to be drawn down by the relevant Thematic Committee at the appropriate time., This enables Thematic Committees to move relevant project budgets identified in the MTFP from 'subject to approval' to 'approved'
 - 3.2.3 the Board has the power to call for clarification any delegated decision taken by the Thematic Committee if any Board Member has concerns regarding the cost, reputational risk and/or contentious nature of any decision(s) taken by a Thematic Committee, in line with the process and grounds set out in the Constitution of the CPCA and subject to the statutory powers of the Overview & Scrutiny Committee.
- 3.3 For clarification 3.2.2 delegates authority to Thematic Committees to agree the approval of projects that have been identified within the MTFP and are therefore in compliance with the Corporate Plan.
- 3.4 In regards to 3.2.3, this should not be confused with the statutory power of call-in that sits with the Overview and Scrutiny function. The intention is to provide the Board with an opportunity to intervene in exceptional circumstances by adding an item to a Board agenda for clarification and discussion.

Thematic Committees

- 3.5 The following proposed recommendations from 3.6.1 to 3.6.6 below are made in support of delivering Improvement Outcome B2: *Executive Committee ways of working are reset to enable them to operate in a more effective manner.*
- 3.6 It is recommended that:
- 3.6.1 the Housing & Communities Thematic Committee be replaced by an Environment & Sustainable Communities Thematic Committee.
 - 3.6.2 the Board delegates oversight of the Greater South East Net Zero Hub and the Sustainable Warmth Programme to the Environment & Sustainable Communities Committee
 - 3.6.3 The quorum for Thematic Committees be amended from 5 voting Members to 4 voting Members

- 3.6.4 The Thematic Committees be chaired by the relevant CPCA Lead Member or their substitute as appointed by the Board
- 3.6.5 The Terms of Reference for the Thematic Committees set out in **Appendices B to D** be approved
- 3.6.6 Two Representatives are appointed by the Business Board to sit on each Thematic Committee as co-opted Members to drive 'Achieving Good Growth' considerations and provide Business representation

Wider Governance Framework

- 3.7 The following proposed recommendation is made in support of delivering Improvement Outcome B3: *Transitional Committee Structure implemented.*
 - 3.7.1 Approve Terms of Reference for a Human Resources Committee set out in **Appendix E**
 - 3.7.2 It should be noted that the proposed Human Resources Committee will replace the existing Employment Committee and will have a different membership as contained within the Terms of Reference.
- 3.8 The following proposed recommendation is made in support of delivering Improvement Outcome B4: *Policy space for Board is developed and aligned to the policy development process.*
 - 3.8.1 Approve the Leaders Strategy Meeting Terms of Reference as set out in **Appendix F**
- 3.9 The following proposed recommendation is made in support of delivering Improvement Outcome B5: *Informal governance mechanisms are in place that reset ways of working with constituents and partners.*
 - 3.9.1 Informal Advisory Groups are established consisting of lead Constituent Council officers and CPCA Officers to support the Thematic Committees as follows:
 - ☐ Place Advisory Group (consisting of Directors of Place or equivalent roles)
 - ☐ Finance Advisory Group (consisting of Directors of Finance)
 - ☐ Education Advisory Group (consisting of Directors of Education and the Regional Schools Commissioner)
 - ☐ Legal & Governance Advisory Group (consisting of Directors of Legal and Monitoring Officers)
 - 3.9.2 Informal Groups are asked to consider wider beneficial membership as required
 - 3.9.3 Informal Advisory Groups key functions will be as follows:
 - ☐ to support the work programme of relevant Thematic Committee
 - ☐ coordinating and monitoring delivery of Thematic specific action plans
 - ☐ to ensure appropriate links and communication channels are developed and maintained between constituent authorities, CPCA, key partners and government agencies
 - ☐ sharing information and good practice to ensure effective, joined up, cross-boundary working and improved performance
 - ☐ forward planning effectively to ensure the timely consideration of issues within the Thematic Committees' remit and to allow for analysis of emerging opportunities and risks and consideration of steps to either exploit or minimise their impact

- ☐ to formulate advice to Members of the Committees on areas within their remit

3.10 It is recommended that the Meeting Calendar as set out in Appendix G for 2023/24 be adopted, noting that the sequencing of meetings has changed following engagement with Members so that the Board meetings are at the end of each meeting cycle.

Business Board

3.10 The following proposed recommendations are made in support of delivering Improvement Outcome C2: *The role and function of the Business Board is fit for purpose in line with Government recommendations.*

3.11 Approve that the purpose of the CPCA Business Board is recast, to transition from being an executive programme board to one providing:

- ☐ strategic business advice to CPCA's Board, Mayor, Committees and officers across all policy areas.
- ☐ advice on the development and shaping of economic strategy and day to day oversight of progress on implementation, on behalf of the CPCA Board who decide on and own the strategy
- ☐ a business voice for Cambridgeshire and Peterborough.

3.12 Approve the Key Functions and CPCA Membership additions at **Appendix H** for inclusion in the Business Board Terms of Reference, noting that the Executive Director for Economy and Growth will, through close working with the Business Board, drive implementation and delivery of the CPCA Priority Area 'Achieving Good Growth' as set out in the CPCA Corporate Plan; and noting the proposed change to CPCA representation on the Business Board be increased to include:

- ☐ the Mayor of the Combined Authority
- ☐ the CPCA Lead Member for Economic Growth
- ☐ the CPCA Lead Member for Skills & Employment

3.13 It is intended that the Business Board will operate with embedded membership, where individual Business Board members lead on specific topics and are embedded within thematic CPCA committees (e.g. skills, transport) where they can contribute the Business voice to decisions with elected members in line with 3.6.6.

3.14 The Board is asked to endorse the following in support of progressing the new role and functions of the Business Board:

- 3.14.1 The Business Board will work with the CPCA public affairs function to identify key opportunities to engage the business community on influencing priorities with Government and maintain a role of developing local business networks to support this.
- 3.14.2 The Chair, Vice Chair and members' roles and responsibilities on the Business Board should be reviewed accordingly to appropriately reflect the content of this report
- 3.14.3 A partnership approach and culture should be established between Boards whereby the Business Board can provide timely advice on decisions to be taken by the CPCA Board.

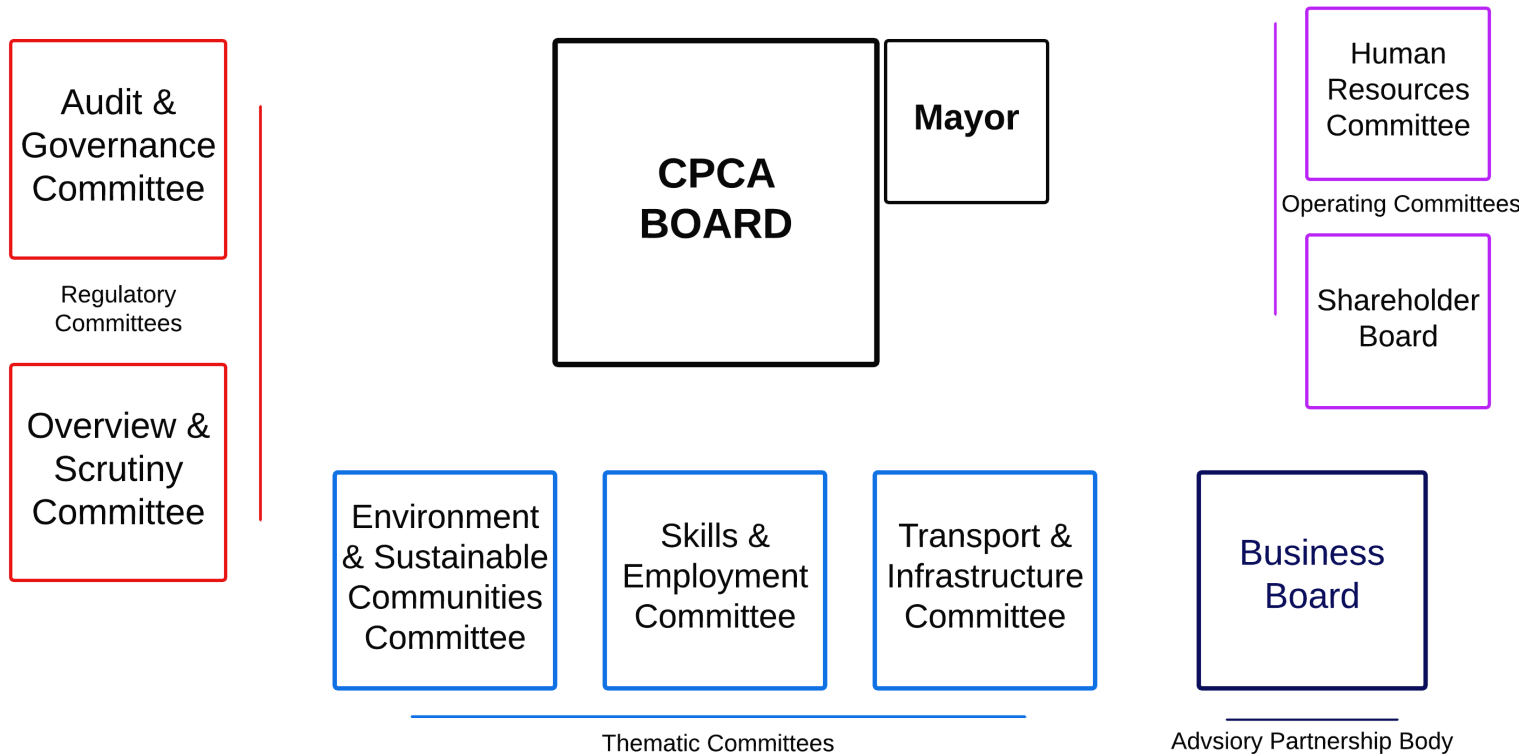
- 3.14.4 Business Board members will create space to have policy and strategy discussions with the CA Board and officers
 - 3.14.5 The Business Board and CPCA Board should have strategic joint meetings twice yearly to exercise oversight over the development and implementation of economic strategy.
 - 3.14.6 The new Executive Director for Economy and Growth will work closely with the Business Board Chair to set strategic direction for the Board along with the Chief Executive and Mayor to align decision-making.
 - 3.14.7 A forum is established for officer scrutiny and management of funding and project delivery with appropriate member oversight
- 3.15 Whilst the workings of the Business Board are a matter for the Business Board itself it is important that it is able to assure the CPCA Board that it is best placed to be the lead business advisory and engagement body in line with the role and Terms of Reference in 3.11 and 3.12 of this report.
- 3.16 It is important therefore that the Business Board has the capability to deliver cross sector and regional geographical business representation for the Combined Authority and is able to engage appropriate business clusters as required by the Combined Authority for intelligence and consultation.
- 3.17 The Business Board will be asked to consider its membership and how it can specifically deliver appropriate sector representation in line with CPCA Corporate Plan requirements, wider geographical and small business representation and matters raised within this report and in **Appendix J** (Metro Dynamics Review into future role and functions of the Business Board). This also includes demonstrating that it can develop the necessary relationships with other business forums in the region such as the Chamber of Commerce and that it has the capability to engage appropriate business sectors/clusters as required by the Combined Authority for key consultations.
- 3.18 The Business Board will be asked to draft a new Terms of Reference and functions that reflects its new purpose, Government's expectations for the functions of an integrated LEP and its role in shaping and supporting implementation of economic strategy. This draft will be presented to a future meeting of the CPCA for approval.

Governance Improvement Actions

- 3.19 In support of the proposals within this report the Board is asked to note the additional governance improvement actions that are being developed:
- ☐ New 'Member Friendly' Board report template and report writing training for report authors
 - ☐ Implementation of a 6 month Forward Plan that reflects the Corporate Plan
 - ☐ Adjusted Board and Committee cycle with longer feed into pre-meeting processes
 - ☐ The Board to move to a 6-8 week cycle
 - ☐ A Member Development Programme proposal developed for consideration
 - ☐ The Mayor supported by CPCA Officers to utilise Mayoral Advisory Groups when appropriate in support of developing Mayoral ambitions

- ☐ Minutes of Thematic Committee meetings to be included in the Agenda Pack for CPCA Board meetings for noting to ensure wider Board awareness of Thematic Committee activity and an opportunity to debate activity if required

3.20 The Combined Authority Governance Structure will appear as follows if the proposals set out in this report are adopted:



4. Background Information

4.1 The evidence base for the proposals within this report is drawn from:

- ☐ The Review of Governance
- ☐ Best Practice comparison work
- ☐ The Improvement Framework
- ☐ Metro Dynamics Business Board Review

4.2 In order to develop this evidence base a significant level of engagement has taken place as follows:

- ☐ Combined Authority Mayor
- ☐ Leaders of each Constituent Authority
- ☐ Chief Executives of each Constituent Authority
- ☐ Overview & Scrutiny Committee
- ☐ Audit & Governance Committee
- ☐ Combined Authority Executive Team
- ☐ Other Mayoral Combined Authority's

4.3 Greater justification in support of the proposals, the key drivers for them and the benefits that can be delivered as a result can be found in the background documents identified in section 10 of this report.

Audit & Governance Committee Considerations

- 4.4 The Audit and Governance Committee is responsible for keeping under review the governance arrangements, such as the constitution, of the Combined Authority and is empowered to make recommendations to the Combined Authority Board. As a result the key proposals within this report were considered by the Audit & Governance Committee on the 13 January 2023.
- 4.5 The comments of the Audit & Governance Committee and how they have been responded to are set out in **Appendix I** of this report.

Significant Implications

5. Financial Implications

- 5.1 Additional costs associated with the proposals as set out in this paper such as those required for Member Development, to provide additional secretariat support to Committees or to fund activities of advisory groups will need to be provided for from within existing revenue budgets and be approved by the Board.

6. Legal Implications

- 6.1 The review of governance arrangements will need to ensure that the recommendations are legal and adhere to processes within the Cambridgeshire and Peterborough Order 2017 and other relevant legislation. When implementing a change in governance it is necessary to comply with the Local Government Acts. Any changes may require an update to the Council's Constitution.

7. Public Health Implications

- 7.1 No Public Health implications have been identified.

8. Environment and Climate Change Implications

- 8.1 No Environmental and Climate Change implications have been identified.

9. Other Significant Implications

- 9.1 No other significant implications have been identified.

10. Background Papers

- 10.1 July 2022 Improvement Assessment Report to Board: [Document.ashx \(cmis.uk.com\)](#)
- 10.2 2022 Review of Governance: [Document.ashx \(cmis.uk.com\)](#)
- 10.3 External Auditor letter to Audit & Governance Committee: [Cambridgeshire & Peterborough Combined Authority - VFM Significant Risk Letter \(cmis.uk.com\)](#)

- 10.4 October 2022 Chief Executive Assessment Report to Board: [Agenda Item No \(cmis.uk.com\)](#) + [Document.ashx \(cmis.uk.com\)](#)
- 10.5 October 2022 Improvement Plan: [Document.ashx \(cmis.uk.com\)](#)

11. Appendices

- 11.1 Appendix A – Proposed Terms of Reference/ Key Functions of the Combined Authority Board
- 11.2 Appendix B – Proposed Terms of Reference for Environment & Sustainable Communities Committee
- 11.3 Appendix C – Proposed Terms of Reference for Skills & Employment Committee
- 11.4 Appendix D – Proposed Terms of Reference for Transport & Infrastructure Committee
- 11.5 Appendix E – Proposed Terms of Reference for Human Resources Committee
- 11.6 Appendix F – Proposed Terms of Reference for Leaders Strategy Meeting
- 11.7 Appendix G – Proposed Meeting Calendar 2023/24
- 11.8 Appendix H – Proposed content for Terms of Reference for Business Board
- 11.9 Appendix I – Audit & Governance Committee comments and response
- 11.10 Appendix J – Metro Dynamics Review of future role and function of the Business Board

