

# Draft Annual Governance Statement

For the year ended 31 March 2021

## **Cambridgeshire and Peterborough Combined Authority Annual Governance Statement – 2020/21**

### **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 Energy 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 of and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

### **The Governance Framework**

#### **Context**

Between March and June 2016, seven constituent councils across the Cambridgeshire and Peterborough area negotiated a devolution deal with Government. In June 2016, the constituent councils agreed a scheme for a combined authority for the Cambridgeshire and Peterborough area, with a directly elected Mayor, for wider consultation. Following extensive consultation with residents, businesses and stakeholders in Cambridgeshire and Peterborough over a six week period, the seven councils submitted the scheme to the Secretary of State for approval in November 2016. 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 mayoral election was held on 6 May 2021.

The powers which have been 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 includes 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. 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 the high-profile issues that have come to light following Croydon Council's S114 notice and CIPFA will be publishing new guidance on governance of Local Authority Trading Companies (LATC) to address this. The Combined Authority will review its LATC governance arrangements once the guidance has been published, to ensure they are appropriate and effective.

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.

There has been investment in the capability of company oversight and management, with a dedicate company secretariat/governance lead officer and regular meetings to review the regulatory compliance, and finance standing of the companies.

In addition, 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 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.

### **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 board.

The Combined Authority Members comprise the Board. The Board's role and powers are set out in the constitution. Essentially, it provides strategic leadership for the Combined Authority area, approving strategies, policies and overseeing fiscal matters 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.

As of the local elections in May 2021 the Combined Authority Board has 3 new Board Members, including a new Mayor. This change in leadership is likely to result in a change in portfolio responsibilities and strategic direction of the Authority as a whole, but it is too early to say what these changes will be with certainty as the new administration has only been in post for a short time.

## **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, who are also the Leaders of their councils.

- 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. A review is due to take place in the summer and autumn of 2021.

### **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 committee has set up two task and finish groups, one to consider the Cambridgeshire Autonomous Metro project and one to consider the Authority's Bus Review. The Mayor and Chief Executive attend meetings at least quarterly to update the committee and to answer any questions. The committee has also responded to the change in the Authority's governance arrangements by revising its own arrangements for pre-scrutiny to allow lead members appointed by the Committee to formulate questions for the Executive Committees.

In order to support its future work and the development of its role the Overview and Scrutiny Committee sought, through the Combined Authority Board a review of their working arrangements. This was carried out by CfGS (The Centre for Governance and Scrutiny), and is due to report at the time this statement is being prepared.



### **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 Committee in April 2021 for consideration before being presented to the Combined Authority Board in June. 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 Portfolio Holder 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 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 Authority continues to make good progress in developing its strategic direction.

1. The **Cambridgeshire and Peterborough Independent Economic Review** (CPIER) was commissioned by the Combined Authority and other local partners to provide a world-class evidence base, alongside independent and expert analysis, to inform future strategies and investment. It was also informed by two rounds of open public consultation. The CPIER is publicly available at [www.cpier.org.uk](http://www.cpier.org.uk).
2. The **Cambridgeshire and Peterborough Growth Ambition Statement** sets out the area's priorities for achieving ambitious levels of inclusive growth and meeting the commitments of the Devolution Deal. The Statement has been adopted by the Combined Authority Board (November 2018) and is based upon the significant work of the Cambridgeshire and Peterborough Independent Economic Review (CPIER).
3. The **Local Industrial Strategy** approved by the Combined Authority and Business Boards in March 2019 sets out the economic strategy for Cambridgeshire and Peterborough, taking a lead role in implementing the business growth, productivity, and skills elements of the Growth Ambition Statement as set out below:



The Local Industrial Strategy was co-produced with Government as part of the first wave of these strategies being developed to deliver the UK Industrial Strategy in local areas.

The Local Industrial Strategy is focussed around the five foundations of productivity established in the UK Industrial Strategy 2018, namely:

- People
- Ideas
- Business Environment
- Infrastructure
- Place

It is a core principle of the Local Industrial Strategy that the fifth foundation of place reflects the findings of the CPIER. In this area there will be economic strategies which respond to the three sub-economies identified in the region.

- Greater Cambridge
- Greater Peterborough
- The Fens

Investments will only be made if they can demonstrate that they will support the delivery of the Growth Ambition Statement and the Local

Industrial Strategy, and the more detailed place and sector strategies (where they are in place).

4. 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 Combined Authority continues to develop its detailed strategies for key areas of activity including:
  - Housing Strategy
  - Local Industrial Strategy
  - Local Transport Plan
  - Non-statutory spatial plan
5. 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 and might not be feasible, others are further advanced. 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 period, but it identifies the key activities that are transformational and 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 unlock transformational anchor projects that will have a significant impact on growing the whole Cambridgeshire and Peterborough economy.

The Business Plan aligns with the approach to performance management which the Authority has already adopted and the Authority's quarterly performance reports 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**

In November 2019, the Combined Authority Board and the Business Board agreed a revised joint Assurance Framework. The latest version of 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) published in January 2019. 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**

In January 2021, the Authority approved an update to its monitoring and evaluation framework. The 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, whilst adhering to government guidance and legislation during the COVID-19 pandemic.

Following the ending of the legislation allowing for remote meetings, meetings are again held in person - but are run in accordance with public health guidelines.

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 at each Combined Authority Board meeting to provide information on income and expenditure for the year to date against the approved budget and to provide an analysis of any variances between actuals and budget for both Revenue Funds and the Capital Programme.

While not in force for the year ended the 31<sup>st</sup> March 2021, the Combined Authority is required to adhere to the CIPFA Financial Management Code from April 2021. As such a review of the Authorities Financial Management arrangements against the requirements of the code was undertaken and the following key actions that will be addressed in 2021-22 were identified:

- A formal timeline for the creation of the Annual Governance Statement will be established.
- Regular budget holder and project manager training will be implemented to reinforce the responsibilities associated with those roles.
- The Authority will carry out a financial resilience assessment.
- Regular financial reporting to Corporate Management Team, Committees and Boards will include key balance sheet items.

### **Developing Capacity**

The member structure is well-defined and a permanent staffing structure is now in place. Staffing and resources levels are regularly checked to ensure that the Combined Authority can deliver.

### **Internal Audit**

RSM Assurance Limited were appointed as the Combined Authority's new internal auditors in September 2020. RSM provide the Chief Internal Auditor function for the Combined Authority and presented the audit plan for approval to the Audit & Governance Committee in November 2020 and has provided the Committee with regular updates since then.

### **External Audit**

Ernst & Young LLP has been appointed as the Authority's external auditors and has audited these accounts.

### **Risk Management**

The Authority's Audit and Governance Committee is responsible for overseeing the Authority's risk management strategy and corporate risk register. The Risk Strategy was adopted by the Combined Authority Board in January 2020 and will be updated in 2021/22 following a review by officers working with the internal auditors.

Corporate and project risks are identified, recorded and monitored by the Corporate Management Team and the Audit & Governance Committee, and 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. 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 the high-profile issues that have come to light following Croydon Council's S114 notice and CIPFA will be publishing new guidance on governance of Local Authority Trading Companies (LATC) to address this. The Combined Authority will review its LATC governance arrangements once the guidance has been published, to ensure they are appropriate and effective.



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 adequacy and effectiveness of the organisation's risk management, control and governance processes.

For the 12 months ended 31 March 2021, the head of internal audit opinion for Cambridgeshire and Peterborough Combined Authority is as follows:

“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.”

### **Factors and Findings which have informed our opinion**

Our opinion has been informed by seven assurance reviews undertaken during 2020/21. One review concluded with minimal assurance, and agreed six high and four medium priority management actions. We also issued one partial assurance opinion for the Risk Management review.

Five further reviews were undertaken, four of these resulting in reasonable assurance being taken by the Authority for the following reviews:

- Impact on COVID-19 on Project Delivery
- Accounts Payable
- Appointments to Boards and Committees
- COVID-19 Capital Grants

In addition, our Follow Up review, conducted on a sample of the recommendations from the previous internal auditors concluded that the Authority had made **good progress** in implementing recommendations. We confirmed that seven recommendations had been fully implemented and two had been superseded. We did agree a management action in relation to the monitoring of management actions agreed, given that this was not formally in place at the time of our review.

**We issued one audit where the Authority could take only partial assurance.**

For this area, the Board could take partial assurance that the controls to manage these risks are suitably designed and consistently applied. However, action was needed to strengthen the control framework to manage the identified risks.

**Risk Management**

We noted that the Authority was yet to undertake detailed risk management training, specifically in ensuring risks are clear and mitigation plans and actions are specific, measurable, achievable, realistic and Time relevant (SMART). In addition, we noted the Authority does not capture evidence of the review and scrutiny of the Corporate Risk Register at an Executive Level and had not at the time of the review implemented a reporting framework for risk registers below the Corporate level. We further noted that risk escalation was at the discretion of risk owners and therefore could be subjective and inconsistent.

We also found that minimum frequencies for the review of risks have not been formally documented and noted that as the organisation takes positive steps towards its compliance with the new risk management strategy and processes, it would be equally important to link assurances to individual risks and controls.

Since issuing the final report we have held various meetings with Officers to discuss how CPCA could further develop the risk management control framework and strategy whilst satisfying the issues identified through our review.

***We issued one audit where the Authority could take only minimal assurance.***

***IT Control Framework Review***

*Overall, the Combined Authority is at the early stages with respect to the development and operation of an overarching IT control framework. We were advised by the authority's IT provider that some controls surrounding IT are in place. Further work was however required to address some significant control weaknesses where improvements were required, in particular regarding IT management experience (including IT contract management) within the Combined Authority, network access and security, patch management, incident response and backups.*

*The Combined Authority is being supported by an external consultancy provider to undertake a number of management actions to address the situation, including to put in place a robust suite of IT policies and the implementation of systems to protect its network*

**Impact of Covid-19 on the CPCA's Governance Arrangements**

While the COVID-19 pandemic has caused significant disruption across the Country, the Combined Authority has maintained its governance systems in line with business as usual - the same governance processes have operated throughout including authorisation limits, required sign

off by statutory officers and reporting to Boards. Prior to the enactment of legislation which formally allowed for local authority meetings to take place virtually, the CPCA ran meetings in public, which enabled relevant matters appropriate to the Mayoral general power to be made in a public setting, and for other matters to be debated. This balanced the need to maintain a continuity of business, with the need to maintain transparency and inclusion in decision making.

In line with legal requirements, from June 2021, the Combined Authority's meetings are once again being held in-person however live-streaming technology is being utilised both to lower the risk of COVID transmission and to enhance accessibility.

During 2020/21, RSM conducted a review of project delivery arrangements at the Combined Authority in relation to the robustness of project approvals and monitoring during COVID-19 (COVID). The report found that "the Board can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed and consistently applied.

## **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.

The Authority has made good progress during 2020/21 and we are committed to making continued improvements during 2021/22.

## Certification

As Mayor and Chief Executive Officer, 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 AGS was approved by the Audit Committee on the 17 December 2021.*

Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the Combined Authority to ensure effective internal control is maintained. We are also satisfied that there are appropriate plans in place to address any significant governance issues and will monitor their implementation and operations as part of our next annual review.

*To the best of our knowledge, the governance arrangements as defined within the Authority's Local Code of Corporate Governance have continued to operate effectively.*

Signed:

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Dr Nik Johnson, Mayor of Cambridgeshire and  
Peterborough Combined Authority

Date:

Signed:

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Eileen Milner, CEO of Cambridgeshire and  
Peterborough Combined Authority

Date: