



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

AUDIT & GOVERNANCE COMMITTEE

Date: Friday, 31 May 2019

10:00 AM

Democratic Services
Howard Norris
Interim Monitoring Officer

The Incubator
Alconbury Weald
Cambridgeshire
PE28 4WX

**East Cambridgeshire District Council
Council Chamber, The Grange, Nutholt Lane, Ely, CB7 4EE**

AGENDA

Open to Public and Press

- 1 Apologies for Absence**
- 2 Chairs Announcement**
- 3 Appointment of Vice Chair**
- 4 Co-optees to the Audit and Governance Committee** **5 - 6**
- 5 Minutes of the Previous Meeting**
To approve the minutes of the meeting held on 29th March 2019 (copy previously circulated).

6	Draft A & G Minutes- 29th March 2019	7 - 12
7	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.	
8	Corporate Risk Report	13 - 20
9	Draft Accounts 2018/19	
	CPCA Draft Statement of Accounts 2019 31 May 2019	21 - 90
10	Assurance Framework Report	91 - 138
11	Internal Audit - Governance	139 - 182
12	Final Report - Combined Authority Board Update - A & G	183 - 228
13	Business Board Governance Update	229 - 232
14	Staffing structure update (KS revised)	233 - 234
15	Work Programme Cover Report	235 - 242
16	Date of next meeting: 19th July 2019: 10am - Council Chamber, Fenland Hall, March.	

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

Clerk Name: Emma Powley

Clerk Telephone:

Clerk Email: Emma.Powley@cambridgeshirepeterborough-ca.gov.uk

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.

Public speaking on the agenda items above is encouraged. Speakers must register their wish to speak by making a request in writing to the Monitoring Officer (Howard Norris) no later than 12.00 noon three working days before the day of the meeting at Howard.Norris@cambridgeshirepeterborough-ca.gov.uk. The request must include the name, address and contact details of the person wishing to speak, together with the full text of the question to be asked.



AUDIT AND GOVERNANCE COMMITTEE	
31st May 2019	PUBLIC REPORT

CO-OPTION OF INDEPENDENT MEMBER FROM A CONSTITUENT COUNCIL.

1.0 PURPOSE

- 1.1 The purpose of the report is to ask the Audit and Governance Committee to consider appointing an independent member from a Constituent Council for the ensuing year.

<u>RECOMMENDATION</u>	
Lead Officer:	Howard Norris, Interim Monitoring Officer
(a) That the Audit and Governance Committee consider the co-option of an independent member (and substitute) from a Constituent Council.	

2.0 BACKGROUND

- 2.1 The Combined Authority at its Annual General Meeting on 29th May 2019 will appoint the members nominated by constituent councils to the Audit and Governance Committee as detailed in the report.
- 2.2 The Board will also consider delegating authority to the Audit and Governance Committee to co-opt an independent member from a Constituent Council and substitute for the municipal year 2019/20.
- 2.3 Previously, discretion has been used to provide independent members a seat on both the Audit and Governance Committee and the Overview and Scrutiny Committee. However, if such discretion had been used following the May 2019 elections at Constituent Councils, it would have tipped the balance on both committees in favour of non-conservative members.
- 2.4 Recognising the process operated through the exercise of discretion last year to provide an independent Member with a seat but ensuring the political balance of the Committee is not compromised, it has been proposed that the Audit and Governance Committee could consider the co-option of an independent member (from a constituent Council) to the Committee. The co-

opted member (and substitute) would not be given voting rights

- 2.5 Should the Audit and Governance Committee agree to the co-option of an independent member, authority may be delegated from the Combined Authority Board to the Committee to appoint a co-optee. The co-option would be for the municipal year 2019/2020.
- 2.6 Independent Groups/Members have been asked for expressions of interests for co-option and if agreed by the Audit and Governance Committee, a random selection will then be made by an independent officer of the authority and witnessed by the Monitoring Officer for both the co-opted and their substitute. The substitute will not necessarily be required to be a named substitute from the same Constituent Council.

3.0 FINANCIAL IMPLICATIONS

- 3.1 In accordance with the Cambridgeshire and Peterborough Combined Authority Order 2017, no remuneration is to be payable by the Combined Authority to its members including co-opted members of the Audit and Governance Committee.

4.0 APPENDICES

- 4.1 None



**CAMBRIDGESHIRE
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CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY – DRAFT MINUTES

AUDIT AND GOVERNANCE COMMITTEE: MINUTES

Date: 29th March 2019

Time: 10am

Location: Huntingdonshire District Council

Present:

Mr J Pye
Cllr Mac McGuire
Cllr Anthony Mason
Cllr Nichola Harrison
Cllr David Seaton

Chairman
Huntingdonshire District Council
South Cambridgeshire District Council
Cambridgeshire County Council
Peterborough City Council

Officers:

Kim Sawyer
Anne Gardiner
Emma Powley
Jon Alsop
Noel O'Neil
Steve Crabtree

Interim Chief Executive
Scrutiny Officer
Interim Scrutiny Officer
Head of Finance
Section 151 for Business Board
Group Auditor (Peterborough City Council)

Others in attendance:

Ian Kirby

Melanie Richardson

Programme Director CIPFA

Associate Partner – Ernst & Young LLP,
External Auditor

1. Apologies and Declarations of Interests

- 1.1 Apologies were received from Councillor Morris and Hay. There were no declarations of interests.
- 1.2 In accordance with the Combined Authority Constitution (Chapter 14 – Audit and Governance Committee (para 7.1 Annex 1)) it is stated that *'the membership of the Audit and Governance Committee is one member from each constituent Council and one independent person. (eight Members). The quorum is six members.* In this instance, two members had sent their apologies and had not been able to send their named substitute.
- 1.3 As no formal recommendations could be made the Committee resolved to receive a presentation from the Programme Director – CIPFA for information purposes taken out of order from the agenda.

2. Chairs Announcements

- 2.1 The Chair stated that he would write to the Councils about the tightness of the quoracy rules and the importance of attendance by members or their deputies. The inability of the Committee to conduct its full business reflected adversely on the Combined Authority's reputation.
- 2.1a) Members of the Committee were asked if they would be in agreement to have a joint induction with the Members of the Overview and Scrutiny Committee.
- AGREED:** That members of the Audit and Governance Committee have a joint induction with members of the Overview and Scrutiny Committee in May 2019.
- 2.1b) Members were requested to consider whether to hold future meetings at the Alconbury office or continue rotating around the constituent councils.

AGREED: That the Audit and Governance Committee would to continue to hold their meetings at constituent Councils.

3. Minutes

- 3.1 The minutes of the meeting held on the 30th November 2018 were agreed and signed by the Chair.

4a) Finance Review

- 4.1 The Programme Director (CIPFA) reported that he had been commissioned by the Combined Authority to undertake an independent assurance review related to the production of the Authority's 2019/20 budget.
- 4.2 The Committee received a presentation which provided a summary of the timelines and noted that the review was scoped to:
- Review the process undertaken to complete the 2019/20 budget
 - Asses and/or test the assumptions that underpin it
 - Asses the governance in place to report, asses and, where appropriate, intervene in the delivery of the budget.

- 4.3 It was explained that the reporting process for the budget showed marked improvements between the draft and the final. Having reviewed the relevant documents and discussions with key officers, it was confirmed that CIPFA were satisfied that;
- a) The Authority had prepared and was in the process of signing off its 2019/20 Budget and Medium-Term Financial Plan (MTFP) in accordance with the policies and procedures outlined in the Constitution.
 - b) That the 2019/20 Budget's content including assumption and revenue/capital split were clear and appropriate
 - c) That the Authority has in place robust and comprehensive budget monitoring and reporting process and procedures that will now include regular reporting to the Combined Authority Board.

4.4 It was noted that there were no material findings or failings that had been identified as part of the review.

4.5 The Chair thanked the Programme Director for his presentation.

At this juncture of the meeting, Councillor Robertson joined the Committee. He explained that it was necessary for him to leave the meeting at 12 noon.

The Committee resolved that as they were quorate, they would take reports that required a formal decision in order before they became inquorate when Councillor Robertson had to leave.

4b) Internal Auditors Update Budget Review

- 4.6 The Internal Auditor submitted a report and elaborated thereon. He explained that the work carried out by the internal auditors differed greatly to that of CIPFA. It was noted that the Internal Audit provided assurance to the Audit and Governance Committee that activities undertaken across the Combined Authority were appropriately managed, monitored and delivered in accordance with set governance and risk management frameworks.
- 4.7 The Committee were reassured that despite receiving assurance from the External Auditors, the Internal Auditors would only give assurance once they had independently carried out their review.
- 4.8 The Interim Chief Executive responded to questions asked of the Committee and explained that the Mayor had the authority to decide his staffing structure to deliver his priorities. It was noted that the Combined Authority could challenge the Mayoral expenditure but there had been majority vote in favour of the proposed staffing structure.
- 4.9 The Interim Chief Finance Officer reported that approved funding had been spent on building schemes and capital monies had been spent on acquiring roads. He further noted that the Combined Authority followed the CIPFA accounting code and that funding was sourced from central government.
- 4.10 In response to questions raised, the internal auditor reported that there were no areas where he would consider issuing 'no assurance'. The Chair noted that additional progress needed to be made on value for money (vfm) and the significance between capital and revenue needs,

- 4.11 The Interim Chief Finance Officer commented that if helpful for Members of the Committee, he could prepare a briefing note on the combined Authority's policy documents relating to the rules and regulations adhered to in the national policies, followed also by CIPFA.
- 4.12 The Committee noted that all monitoring reports were taken to the Combined Authority Board for review and transparency purposes.

6) Treasury Management

- 6.1 The Committee received an update on the development of the Combined Authority's draft Treasury Management Strategy for 2019/20. It was explained that the borrowing cap was set by Government and based on the Authority's ability to repay and it was noted that there was no intention for any borrowing in 2019/20.
- 6.2 The Committee raised some concerns about potential conflicts of interests of officers and members who were in position as private company Directors in receipt of loans and funding. It was explained that conflicts of interests would arise in all sectors but that the authority had a code of conduct in place for both officers and members and that it was necessary for there to be effective management of conflict of interests.
- 6.3 The Interim Chief Finance Officer explained that the Authority could lend money to constituent Councils and that each loan would have been to the Board for assessment prior to any loans being approved and a robust process in place.
- 6.4 Members requested that the next Treasury Management Report include information on the interest rates on loans.
- 6.5 **RESOLVED:**
- 6.6 That the development of the draft Treasury Management Strategy 2019/20 be noted.

7) External Audit Plan 2018/19

- 7.1 The Committee received the final audit planning report 2018/19 prepared by the External Auditors. The plan provided a summary of the external auditor's assessment of the key risks.
- 7.2 The Committee reviewed the risks identified and noted that they were pleased that the 'potential for accelerated delivery process' had been identified as a significant risk and as such, suggested that project management needed to be closely monitored.
- 7.3 The Interim Chief Executive explained that there were circumstances where some projects could be carried out more quickly by challenging processes and noted that the Authority had received money from the Government to achieve this. It was noted that an accelerated delivery process was not about cutting corners but about identifying different approaches and challenging external partners and agencies to avert delays in the delivery of specific projects.

- 7.4 Members requested that the Transport Team be invited to a future meeting of the Audit and Governance Committee to deliver a presentation on the accelerated delivery process including information on risk management.

RESOLVED:

That the Audit and Governance Committee received the final audit plan for 2018/19 and noted the planned audit fees for the year.

The Committee adjourned at 11.24am

The Committee reconvened at 11.29am

8 Draft Internal Audit Plan 2019/20

- 8.1 The Committee received a report which advised them of the development of the 2019/20 Internal Audit Plan for the Combined authority to facilitate Member input to the planning process. It was noted that the draft plan was based on current known factors and was based on Peterborough City Council providing 150 audit days. It was explained that internal audit activity would review Housing and Transport schemes along with Budget Management which would utilise the highest number of audit days.
- 8.2 Members questioned whether Grant Certification had been allocated adequate time and were assured by the Internal Auditor that it considered it reasonable time based on length of time it had been completed in the previous year. Members raised concerns Human Resources (HR) and the review of service provision. It was explained that Internal Audit had been tasked with examining the recruitment process; no assurance could be given for HR as there were a number of aspects that had prevented this, including the Employment Review.
- 8.3 The Interim Chief Executive explained that she had been tasked with undertaking a review of the staffing of the organisation and a proposal had been put forward. It was noted that there had been significant challenges as the Authority had taken on responsibility for the Adult Education Budget and had taken over the functions of the LEP and this had impacted on the staffing structure. It was reported that alongside the proposed new structure, a job evaluation and job descriptions had been provided for every staffing post. Despite having no HR manager in post, this had been completed with only 4 potential redundancies and significant savings

8.5 RESOLVED:

- 8.6 That the draft plans for 2019/20 were agreed and the resources proposed were noted.

14) Work Programme

- 14.1 Councillor Robertson announced that he would have to leave the meeting and this the meeting would be inquorate.

RESOLVED:

That the remaining reports on the agenda be deferred until the next meeting of the Audit and Governance Committee, those items being as follows:

Item 9 - Combined Authority Board Update

Item 10 - Business Board Governance Update
Item 11 - Corporate Risk Register Annual Review
Item 12 - Assurance Framework
Item 13 - Staffing Structure Update

15 Date of next meeting

- 15.1 That the next meeting be held on the 31st May 2019 at East Cambridgeshire District Council. A 3-hour period would be allocated to all future Audit and Governance Committee meetings.

The meeting concluded at: 11.59am.



AUDIT AND GOVERNANCE COMMITTEE	AGENDA ITEM No:
31st MAY 2019	PUBLIC REPORT

CORPORATE RISK REGISTER REVIEW

1. PURPOSE

- 1.1. The purpose of this report is to present to Audit & Governance Committee the latest Corporate Risk Register that has been considered by Directors in line with decision of the Committee on 28th September 2018. This report sets out the current corporate risks against themes for the Committee to consider.

<u>RECOMMENDATIONS</u>
Lead Officer: Kim Sawyer – Interim Chief Executive
The Audit and Governance Committee are recommended to: (a) Receive and review the Combined Authority Corporate Risk register. (Appendix A)

2. BACKGROUND

- 2.1. The first draft of the Corporate Risk register was presented to the Audit and Governance Committee on 26th March 2018. It was requested that the register be amended to reflect the risks in order of Risk Level and that a Residual Risk category also be included. Whilst reviewing the register and carrying out the requested amendments, it was decided to make further additions to the register to ensure that more detail was provided during the Risk Management Process. These included adding Risk Categories, Risk Type, Controls, an Accepted Target Score, Risk Trend and a Monitoring Frequency field. At the meeting on 28th September 2018, this will be a standing agenda item.
- 2.2. Directors Management Team review the risk register monthly. In December Directors decided to review the process across the whole organisation. Each major spend project has risks attached to them and these are reviewed regularly as part of the Programme Management procedures. Any major

challenges from that are escalated as in the case of Peterborough University in the current Corporate version. In January 2019, Directors refreshed the Corporate Risk Register into themes whilst they reviewed the risks This was reported to Audit & Governance Committee in March 2019.

- 2.3. The top 12 risks for the organisation alongside mitigation activities that are in train are shown in Appendix 1 – CPCA Risk Register.
- 2.4. Please note that the table has been edited to fit onto an A3 print out that is readable. A3 copies will be available at the meeting.

3.0 CURRENT TOP RISKS

- 3.1. Following the implementation of the mitigation measures, CPCA still has 4 high risks. They are:

- Funding availability for major Programmes
- External Partners unable to respond to CPCA needs
- Progress on Peterborough stalls
- Lack of Structural resilience and insufficient internal resources

Great strides have been made in each of these areas but challenge remains. A brief summary of the issues is outlined below.

- 3.2. **Funding availability for major Programmes**

The CPCA has adopted a robust financial planning approach with the development of its Medium Term Financial Plan and appropriate resources have been allocated to move each of the major projects in the Business Plan to the next stage. Equally strong programme management has been put in place and outcomes timetables. However, the key to ultimate delivery is the wider finance that will only be partly delivered locally. This aspect is making great strides but it will remain a high risk until funding is approved from Government or secured from partners.

- 3.3. **External Partners unable to respond to CPCA needs**

The key issue here is our interface with key national providers such as Network Rail on many of our key priorities. It will remain a challenge but mitigation efforts are on-going.

- 3.4. **Progress on Peterborough stalls**

This scheme was part of the Devolution deal and identified by CPCA Board as a priority. Initial work was undertaken in partnership with potential university providers. This has helped set up some initial courses and delivered some student numbers in Peterborough. However, the detailed business case for delivering the full blown offer with 2,000 student is under review and a more targeted approach is now underway.

- 3.5. **Lack of Structural resilience and insufficient internal resources**

This is a key area for CPCA. The organisation has been reliant on interim resources during its first 2 years of operation. During this time a structural

review has been undertaken and some amendments made to the overall structure. More permanent appointments have and are in train. However, this remains a high risk during this transistion and particularly around securing an inm-house transport team structure. It is positive that these recruitment is underway and something for Audit and Governance to monitor.

4.0 NEXT STEPS

4.1. Each individual project currently has risks and mitigations recorded and RAG rated as part of the routine project reporting process to Directors and CPCA Board. This is now formally linked to the overall Corporate Risk Register via Directors Management Team and reported here.

5.0 FINANCIAL IMPLICATIONS

5.1. All of the work has been carried out in-house, therefore there are no significant financial implications to this activity. Any of the mitigations instigated have been met from the approved budgets for service area.

6.0 APPENDICES

6.1. Appendix 1 – The Corporate Risk Register (inc Scoring Matrix)

<u>Source Documents</u>	<u>Location</u>

Risk Title	Risk Description / Summary	Risk Owner	Inherent Impact (1-5)	Inherent Likelihood	Inherent Score (I x L)	Risk Rating (VH,H,M, L)	Risk Controls	Risk Actions	Residual Impact	Residual Likelihood	Residual Score (I x L)	Residual Risk Rating (VH,H,M,L)	Accepted Target Score	Risk Trend	Monitoring
Investment Ready Projects / Business Model															
External delivery partners unable to respond to CPCA needs	<p>The number of active CA & Partner projects may create conflicts in external organisations.</p> <p>The private sector is not able to respond adequately to the needs of the Combined Authority. This includes both capacity and capability as well as a willingness to explore more innovative approaches which can accelerate delivery</p> <p>The CPCA is taking a border approach to infrastructure delivery, many of the projects of this scale would typically be delivered for more traditional organisations such as Network Rail, Highways England etc</p>	Director of Delivery & Strategy	3	4	12	High	Review our approach to market engagement and investigate alternative procurement models that might encourage different behaviours.	<p>Great effort is being made to work closely with Department for Transport and Network Rail. Many of our major projects are dependent upon their decision making processes that are challenging.</p> <p>Lobbying continues at the highest levels of Government with our developing business cases to secure funding that will help unlock the challenges at Dft and Network Rail.</p>	3	4	12	High	3x2=6	Steady	Monthly
Failure to deliver Mayoral Committed Projects	This is a large ambitious programme. Failure to deliver progress on programmes & projects identified in 4 year plan such as the Cambridge Autonomous Metro, will result in major criticism by Government and CPCA funders.	Director of Delivery & Strategy	4	3	12	High	<p>CPCA project management approach applied across the portfolio and reviewed in October</p> <p>Regular progress monitoring and reporting at project level, director level and to Leaders</p> <p>Alignment between project management and financial reporting.</p> <p>Prioritisation of projects under constant review.</p>	<p>Outline Business Cases are funded and underway for the major priority projects in the Business Plan.</p> <p>Clear funding routes have been identified in the initial SOBC for the CAM and A10. Work is targeted to develop those funding streams as the detail business cases are developed.</p> <p>Procurement of key contractors is underway.</p>	3	3	9	Medium	3x2=6	Steady	Monthly
AEB not ready in time	<p>AEB accounts for half of the CPCA revenue budget so is a key risk that continues to need to be monitored. The initial risk is that the commissioning, procurement and allocation of resources is new for CPCA and will not be completed by May 2019.</p> <p>Payment system, performance management and reporting needs to be in place by August 2019.</p>	Director of Business & Skills	5	5	25	Very High	<p>DFE to provide assurances that they are happy with progress</p> <p>Regular programme meetings ongoing</p> <p>Formal letter of confirmation of responsibility received.</p> <p>Budget allocation provided</p>	<p>Comprehensive programme plan in place and monitored regularly.</p> <p>Operational team with key activities</p> <p>Budget secured.</p> <p>Commissioning, procurement and allocation has now been completed. The number of suppliers has been reduced from 174 to 17. This will enable stronger local relationships and better delivery.</p>	3	2	6	Medium	4x1=4	Decreasing	Monthly
Budget Management / Financial Integrity															
Funding of Ambitious Programmes	<p>There are major infrastructure programmes that will require clear and innovative funding strategies if they are to progress. CPCA funding has been used to develop the feasibility and SOBC/OBCs for such schemes. This has been appropriate for now but will start to cause challenges as the major schemes gain momentum. HOWEVER, CPCA funding will only be sufficient to act as a catalyst in bringing these schemes forward.</p> <p>The real risk here is that devolution funding will have been spent and used up with no way to bring the schemes forward. Any review would be scathing of the CPCA.</p>	CFO	5	5	25	Very High	<p>Strong budget Process and funding allocation within CPCA MTFP and Business Case</p> <p>Approval by CPCA Board and Stakeholders</p>	<p>Work is progressing at developing the business cases. Stakeholders across the wider geography are working together to tackle the issues around the growth agenda. Getting broad agreement and matching resources will help get a coordinated approach to priorities and bidding for resources.</p> <p>Funding sources have been identified for key sources and CPCA resources allocated to move projects to those funding decisions. E.g. A47 REIS 2; A10 LLN Funding. Specifically CPCA is examining how to maximise planning gain from the growth agenda via LVC, s106.Cil and the potential for TIF and development corporations.</p>	5	3	15	High			
Financial Capacity in the Organisation	<p>The Authority's finance function continues to develop to support transition from start-up organisation. The structure has been established and 4 (of 7) roles are permanent. Utilising interim Director of Finance has helped build some capacity. Prioritisation is required to develop resilient finance systems and processes that can drive/enhance wider governance processes, cost management and speed of delivery/progress. As the Authority moves rapidly to build its operational phase, the finance team must build on its foundations to lead pace and drive change, co-ordinating successfully with the other corporate teams to achieve effective governance and affordable delivery within available resources.</p> <p>Finance risk will therefore vary in line with organisational challenges and progress. At this point finance risk can usefully be split into two groups:</p> <ul style="list-style-type: none">• Systems / processes with key areas being: implementing a new finance system, embedding delegation and end-to-end process clarity for example getting projects from concept to delivery• Capacity / prioritisation, again key areas are: confirming resource availability and capacity through a revised MTFP, developing rigorous project appraisal capabilities, sources and uses of funds, availability of debt facilities	CFO	5	4	20	Very High	<p>Regular reporting to CPCA Board.</p> <p>Audit & Governance reporting</p> <p>Internal & External Auditing</p> <p>Assurance Framework</p> <p>Monitoring adherence to Governance Framework</p>	<p>Finance has basic processes in place for existing resources and requirements, (i.e. payments, accounting and treasury management). The review of Governance arrangements and ensuring the use of these processes has given me more reassurance and confidence.</p> <p>Permanent Section 73 Officer and Chief Accountant (deputy CFO appointed. A strong medium Term Financial plan and budget process has been established.</p> <p>We are in the process of developing the existing Finance system to include new functionality such as raising PO's, Approval Workflows and budgetary control reporting which will enable better control over finances and delegated authority to budget holders. This will be in place by 1st July 2019</p>	4	2	8	Medium			Monthly
Resource Planning & Financial Management	The organisation has no clear budget and capital programme that sets out how resources will be deployed and managed within. This is fundamental to any proper management process and any reporting that will be required by CPCA Board, Stakeholders and Government. Without this no prioritisation takes place and there is no clear measurement of outcome v ambition. It is the framework for sound decision making.	CFO	5	3	15	High	<p>Monthly Budget monitoring reports</p> <p>All business cases for capital spend is approved at Board</p> <p>CFO and Monitoring Officer to sign off all business cases and reports</p> <p>Corporate approach to Monitoring & Evaluation</p>	<p>A comprehensive Medium Term Financial Plan was approved at Board on 30th January 2019. Monthly reports are considered by Directors Management Team and Board that look at variance analysis and link to outcomes. The crux to any of this is that actions are taken on identified variances.</p> <p>The Business Plan sets out programmes, timetables and outcomes. This is linked to the MTFP and comprehensive monitoring reports for Board and Committees will be developed in 2019/20.</p>	3	2	6	Medium			Monthly
Partnership															
Progress on University of Peterborough stalls	This has been an on-going ambition for the area for 20 years. This became a Devolution commitment. The risk here is that Partners may struggle to deliver a new University in the current higher education funding challenging environment.	Director of Business & Skills	5	4	20	Very High	<p>CPCA to implement measures to ensure all partners have absolute clarity of their deliverables and that they meet expectations fully.</p> <p>A clear programme and delivery plan established to monitor performance</p>	<p>A comprehensive review has been undertaken of the initial activity.</p> <p>Consultants to be procured to develop the comprehensive delivery plan.</p> <p>Funding allocated to meet this.</p>	4	3	12	High	3x2 = 6	Decreasing	Monthly
Under developed Communication & Engagement Strategy	High profile press interest and social media "criticism" of the governance processes of the CPCA impact upon the national perception of CPCA and potential future funding.	CEO	3	5	15	High	<p>Interim CEX appointed with a remit to conduct a chief executive review and report to Leaders on (1) recruitment to established staffing structure (2) prioritisation and performance management (3) budget review (4) governance processes. A key outcome of this review is to improve relations with local stakeholders.</p> <p>Internal Audit review of governance processes taking place</p>	<p>Structure and Governance review completed.</p> <p>Implementing the changes recommended.</p> <p>Coordinated, proactive communications approach on the actions of the CPCA and the deliverables.</p>	3	3	9	Medium	2x2=4	Decreasing	Monthly

Political & Elections																
National Change in Administration	With the possibility of a General Election in 2019 or 2020 theres a risk that that the new administrations policies on devolution may differ to that of the current government and require a different approach.	Director of Delivery & Strategy	3	3	9	Medium	Work at political level to ensure national parties and Whitehall remain committed to devolutionary policies, including by engaging with the LGA and with the Metro Mayors grouping.	CEO and Section 73 Officer actively engaging with M8 respective groups. Playing a leading role in the development of OxCam and how CPCA experience can help further this national initiative.	3	3	9	Medium	2x2=4	Steady	Monthly	
Changes in Political Management of Combined authority	Given the long term financial commitments potential funders are looking for a stable leadership and direction of CA. Any change in the elected leaders could impact available funding	CEO	4	2	8	Medium	Direction of Combined Authority has been agreed in the 2030 vision and the 4 year plan. There is support across the board for the programme of investment and priorities	Developing stronger links with Government officials.	4	2	8	Medium	3x2=6	Steady	Monthly	
Structural Resilience																
Lack of Structural resilience / Insufficient Internal Resources	Failure to maintain BAU during rapidly expanding programme of work whilst developing, restructuring and recruitment of CPCA There are a significant volume of projects being developed and the CPCA in its infancy has been in the position to mobilise its resources. Sufficient internal 'client' resources need to be available to oversee the development and delivery of programmes. This extends not only to programme management and project management resources but also more specialist functions such as land acquisition, communications, legal, procurement, etc Insufficient project management resources to deliver Priorities & Programmes identified in 4 year plan	CEO	4	4	16	High	The Directors meet weekly and are responsible for signing off recruitment to new posts The HR team has been increased to support the organisational structure and recruitment of candidates of calibre. There are staff dedicated to programme management with a system of monthly project highlight reporting. This enables directors to move resources to higher risk projects. We are in the process of standardising documentation to create a single source of information which builds resilience in case of individual staff members incapacity	Permanent CEO arrangements to be approved at CPCA Board 29th May 2019. The HR Manager started on 2nd April. Additional resource to be recruited following restructure. Permanent Section 73 Officer and Deputy appointed . b. Recruitment to Head of Transport is underway and with the recruitment of the Transport Team to start immediately after.	4	3	12	High	4x2 = 8	Decreasing	Monthly	
Failure to adhere to Internal Frameworks	The Combined Authority fails to adhere to internal frameworks which could put at risk the release of the Single Pot Funding.	Director of Delivery & Strategy	4	3	12	High	Project management approach documented Training and engagement for PMs Directors to oversee their directorate projects and provide assurance to CE Procurement Processes M&E framework and performance reporting being refreshed Assurance framework to be reviewed.	10 point Programme Management approach is embedded in the organisation and part of induction. Reports of performance against budget and programme to each CPCA Board. Internal Audit Governance Review	4	2	8	Medium	4x1=4	Steady	Monthly	

Impact	Description
5 Severe	Catastrophic impact on organisation
4 Major	Serious impact on organisation
3 Significant	May cause some impact on organisation
2 Minor	Unlikely to cause impact on organisation
1 Trivial	No impact on organisation

Likelihood	Description
5 Almost Certain	> 95% likely to occur within next 12 months
4 Likely	50 - 95% likely to occur within next 12 months
3 Possible	20 - 50% likely to occur within next 12 months
2 Unlikely	1 - 20% likely to occur within next 12 months
1 Rare	< 1% likely to occur within next 12 months

		Impact				
		1	2	3	4	5
Likelihood		Trivial	Minor	Significant	Major	Severe
5	Almost Certain	5	10	15	20	25
4	Likely	4	8	12	16	20
3	Possible	3	6	9	12	15
2	Unlikely	2	4	6	8	10
1	Rare	1	2	3	4	5

Very High	Primary or severe risks requiring immediate attention, there could be a severe impact on the Combined Authority and its ability to deliver the programmes. Or the net cost may increase by more than £500,000. Or there could be an adverse impact on the national reputation of the Combined Authority in both the short and long term. Or there is a long-term catastrophic impact that could happen to the community, economy or environment.
High	Risk is significant, warranting attention. There could be an immediate impact on major parts of the programme. The cost may increase by £250,000 up to £500,000. Or, there may be sustained adverse publicity at a national level. Or, the reputation locally might be impacted in both the short and long term. Or there may be a long term detrimental impact on the community, economy or environment at a significant level.
Medium	Less significant but could cause disruption, affecting delivery between one and four weeks. Or it could increase the costs by more than £100,000 but less than £250,000. Or there could be significant adverse publicity in the local or national press. Or there is a short to medium term impact on the community, economy or environment.
Low	Not likely to occur so low risk, impacts could be severe if it did happen but this should be able to be managed without a great deal of intervention. Usually minor disruptions, minor or short term impacts.

Date – Date risk input onto register

Risk Title – Brief explanation of the risk. This is key to ensuring that the risks are easily identified and understood. eg. ‘Risk of Funding not being released’

Risk Description / Summary - Why the risk is on there, Why the risk would occur. Background on the risk, eg. “There is a risk that a ‘cause’ may result in an ‘event’ leading to a ‘consequence’ “.

Risk Owner – Subject matter expert – the person accountable for risk

Risk Category – Whether the risk is ‘Operational’ ‘Strategic’ or a ‘Project’ risk

Risk Type – What type of risk it relates to, eg ‘Reputational’ ‘Political’, ‘Economic’, ‘Technical’, ‘Infrastructure’, ‘Legal’ etc

Inherent Impact – The Impact rating the risk would cause on the organisation using the classification matrix table before any specific management actions or controls have been implemented.

Inherent Likelihood - The Likelihood rating the risk would cause on the organisation using the classification matrix table before any specific management actions or controls have been implemented.

Inherent Score – Risk score at the beginning before any specific management actions or controls have been implemented. (Impact x Likelihood)

Risk Rating – **Very High, High, Medium, Low** – taken from where the score sits on the matrix

Risk Controls – The controls we are putting in place to mitigate the risk cause. Controls are activities such as policies, processes and procedures which minimise the probability or impact of the risk occurring.

Risk Actions – The actions we are putting in place to deliver the mitigating controls. There can be more than one action for each control and the actions are the mitigating plan to get the risk to your Accepted target score.

Residual Impact – The Residual Impact rating the risk would cause on the organisation using the classification matrix table as at today's date, as the controls and actions have been implemented.

Residual Likelihood - The Residual Likelihood rating the risk would cause on the organisation using the classification matrix table as at today's date, as the controls and actions have been implemented.

Residual Score – Where we are as at today's date, once the controls are in place, this should change as mitigating actions are implemented. As time progresses, the residual score should move closer to target score. (I x L)

Residual Risk Rating – **Very High, High, Medium, Low** – taken from where the score sits on the matrix

Accepted Target Score – Where the result of the completed actions and controls will reduce the risk to. This is where the business is willing to accept the risk. (I x L)

Risk Trend – Whether the risk is increasing, decreasing or steady. This identifies whether the risk needs looking at more regularly.

Monitoring – When the risk needs to be reviewed, weekly, monthly quarterly etc.



AUDIT AND GOVERNANCE COMMITTEE	AGENDA ITEM No:
31 MAY 2019	PUBLIC REPORT

STATEMENT OF ACCOUNTS

1.0 PURPOSE

- 1.1. The purpose of the report is for the Audit and Governance Committee to:
- (a) Receive and review the draft Statement of Accounts 2018/19
 - (b) Receive and review the draft Governance Statement 2018/19

<u>DECISION REQUIRED</u>	
Lead Officer:	Noel O'Neill – Interim S73 Officer and Chief Finance Officer
<p>The Audit and Governance Committee is recommended to:</p> <ul style="list-style-type: none">(a) Receive and review the draft Statement of Accounts 2018/19(b) Receive and review the Annual Governance Statement 2018/19 as included within the Statement of Accounts.	

2.0 BACKGROUND

Review of the Statement of Accounts 2018/19

- 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 for the year ended 31 March 2019 are shown at appendix 1.
- 2.3. The draft Statement of Accounts, together with the draft Narrative Report and draft Annual Governance Statement are required to be signed by Noel O'Neill, the Interim Chief Finance Officer, and published in draft form on the Combined Authority's website together with the notice of the exercise of public rights.
- 2.4. The notice of the exercise of public rights states that the documents are unaudited and subject to change and sets out the rights of members of the public and local government electors in the audit process.
- 2.5. Any person may inspect and take copies of the accounts and certain related documents. During this period the Cambridgeshire and Peterborough Combined Authority electors will be able to ask the external auditor questions on the accounts and are able to object to the accounts.
- 2.6. Ernst & Young LLP will then audit the draft Statement of Accounts and present their findings to a future meeting of the Audit and Governance Committee in accordance with the audit plan that was agreed by the Committee on 29th March 2019.
- 2.7. The final audited version of the Statement of Accounts needs to be signed and published on the Combined Authority's website by 31 July 2019.
- 2.8. The Audit and Governance Committee are now recommended to receive and review the draft Annual Governance Statement and the draft Statement of Accounts.

3.0 FINANCIAL IMPLICATIONS

- 3.1. The fee for the planned code work is £26,950. Additional fees of £3,500 are expected for EY's 'value for money' code work and £1,000 for EY's work on the severance of the Chief Executive. Further costs will be incurred for additional code work on capital accounting issues.
- 3.2. All additional code work fees are subject to agreement with the S73 Officer and PSAA.

4.0 LEGAL IMPLICATIONS

- 4.1. None.

5.0 SIGNIFICANT IMPLICATIONS

- 5.1. None.

6.0 APPENDICES

6.1. Appendix 1 – Draft Statement of Accounts 2018/19 including the Annual Governance Statement.

<u>Source Documents</u>	<u>Location</u>
None	



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Statement of Accounts

2018/19

Cambridgeshire and Peterborough Combined Authority

Statement of Accounts 2018/19

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Narrative Report

1. Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom affirms the need for 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 the authority, its main objectives and strategies, to provide a commentary on how the authority has used its resources to achieve its desired outcomes, and to demonstrate how the Authority is equipped to deal with the challenges ahead.

This report provides the narrative to the financial statements for the year ended 31 March 2019

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 following bodies have co-opted member status:

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

The Combined Authority Board, with the support of Government, agreed to form a new model of strategic leadership through the dissolution of the Greater Cambridgeshire Greater Peterborough Local Enterprise Partnership (GCGPEP) and the creation of a new Business Board.

In September 2018, the Business Board was constituted as a non-statutory body to be the Local Enterprise Partnership (LEP) for the region. It operates as a private-public sector partnership, focusing on the key business sectors to provide strategic leadership and drive growth in the Cambridgeshire and Peterborough and wider Local Enterprise area.

The staff and business of the LEP were transferred to the Combined Authority with effect from 1 April 2018. Subsequently all staff have been consolidated on a single set of conditions and pay structure as part of an organisation review undertaken in the year. The accountable body status for the LEP also transferred to the Combined Authority, from Cambridgeshire County Council, on 1 April 2018.

The Business Board builds upon the strengths of established LEP services to create a stronger new model and will focus 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

3. Governance

Cambridgeshire and Peterborough Combined Authority is responsible for ensuring that its business, including that of the Business Board, 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, having regard to a combination of economy, efficiency and effectiveness.

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

4. Operational Model

The Devolution Deal for Cambridgeshire and Peterborough sets 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 and Peterborough CA 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.

HM Government required devolution areas in receipt of single pot funding to adopt an assurance framework that explains how this flexible funding will be spent with regularity, propriety and value for money.

The CPCA assurance framework is a set of systems, processes and protocols designed to provide an evidence-based and independent assessment of the governance, risk management, and control processes of the organisation.

The Assurance Framework enables the organisation to monitor, measure and scrutinise how well its objectives are being met and sets out processes to ensure an adequate response if risks or performance are perceived to be unacceptable. The Framework is “an objective examination of

evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organisation”.

5. Risks and Opportunities

The Combined Authority asked the Cambridge and Peterborough Independent Economic Commission, chaired by Dame Kate Barker, to develop an authoritative evidence base on the economic performance and potential of our area in order to inform choices on policy priorities and strategic investment.

The Commission developed a strategic analysis, the Cambridgeshire & Peterborough Independent Economic Review (CPIER), of the economic issues Cambridgeshire and Peterborough faces. The review set out 14 main recommendations, and 13 subsidiary recommendations, which ranged from advice on measuring future growth to priorities for a second devolution deal.

Key elements of that analysis include:

- The future growth of our area is of strategic importance for the future global competitiveness of a Britain that must prosper outside the EU
- Our economy is diverse, with the two major cities and what the Commission referred to as the Fens economy facing different challenges

- While endorsing the Devolution Deal target of doubling GVA, the Commission has also said current efforts aren't enough to hit it
- The risk of the Greater Cambridge economy decelerating for lack of infrastructure and housing growth; the need to raise productivity in the Fens economy; the need to improve transport connectivity; and the need to build significantly more homes to address affordability and commuting costs
- The CPIER also emphasised the economic significance of tackling health inequalities, educational disparities, and the sustainability of new communities.

6. Our Growth Ambition

The Combined Authority has developed a Growth Ambition Statement to summarise its strategy and response to the Cambridgeshire & Peterborough Economic Review (CPIER).

The CPIER endorsed the Devolution Deal ambition of doubling GVA over 25 years and said that growth is of strategic importance for the future global competitiveness of Britain. It emphasised the diversity of our economy and the difference between the challenges the strongly-growing large cities and other parts of the area face.

The CPIER has also thrown down a challenge by saying that current efforts are not enough to secure that growth. It has highlighted the risk that the Greater Cambridge economy may decelerate unless there is investment in transport infrastructure

and housing. It provides clear evidence that we need to do more to develop the productivity of firms, raise skill levels, make home ownership affordable, address health and educational inequalities, and generate revenue to pay for public services in the future.

Not enough homes have been built in the past. The Combined Authority will therefore lead work to review future housing demand and needs. That review will take place in a way that makes new analysis available to support those of our planning authorities which have committed to review their plans in the near future.

New homes need to be affordable. The Combined Authority's Housing Strategy aims to exceed the 2,500 affordable homes committed to in the Devolution Deal. We will also use the new Spatial Framework and direct investment in new settlements to encourage extra affordable housing provision, including by developing homes for first time buyers with a price target based on earnings.

In striking a balance between the different possible patterns for future settlements through the Spatial Framework, the Combined Authority will encourage development, where good transport can be provided, including along transport corridors and new garden villages. By linking the Spatial Framework and Local Transport Plan, this approach will be based on ensuring that transport and other infrastructure investment precedes housing development.

The Combined Authority's identified key transport priorities reflect a commitment to improve connectivity both East to West and North to South, to reduce commuting times in line with a journey to work target of within 30 minutes, and to support future development. We are committed to rigorous prioritisation based on business cases which assess the impact of the projects on future growth.

Bringing transport and spatial planning together around projects like the Cambridge Autonomous Metro (CAM) creates opportunities to fund future investment through Land Value Capture. The Combined Authority will consider acquiring and promoting strategic housing sites along the proposed CAM routes. We will work to develop these as possible future garden villages. We will also engage with Government about utilising Tax Increment Financing models to fund infrastructure so that it can precede development.

Responding to the growth challenge means public sector interventions to help firms raise their productivity, especially outside the Greater Cambridge area. Our Local Industrial Strategy (LIS) will reflect the CPIER's recommendations about key sectors and the drivers of productivity. Our LIS will recognise the different economic roles that different towns play and will be about targeting support to businesses in areas that need it. It will focus on improving productivity and encouraging exporting. As part of this, the Combined Authority is already supporting digital connectivity for businesses.

The CPIER highlighted the existence of a low level of skills and educational aspiration in some communities, and mismatches with employer needs in the education system, alongside the high-skilled economy of Cambridge. The Combined Authority will continue to prioritise skills interventions, including supporting the establishment of a new university in Peterborough with a course mix driven by local employer demand for skills in both public and private sectors, encouraging apprenticeships, and through the LIS working to activate employer demand and motivate learners and their families to aspire.

The CPIER recognised that growing our economy is not just about our two large cities and emphasised the role of Market Towns. We will continue to support the Market Town Masterplans and will be ready to support proposals for delivery that come out of those masterplans. This will include supporting digital connectivity to help develop the economy of market towns.

Growth, educational attainment, health and social mobility are linked. More skilled, more productive, higher-earning Market Towns will also be healthier. That requires consideration of how public services can best be organised to focus on improving the wider determinants of health and encouraging education aspiration. The Combined Authority has launched an Independent Commission on public service reform and commissioned work on achieving a stronger health and care system.

Four Key Strategies will underpin Combined Authority Work

Local Industrial Strategy

Implementing the Growth Ambition for Cambridgeshire and Peterborough requires a focussed Local Industrial Strategy (LIS) defining how the Combined Authority will support businesses and key sectors to grow and become more productive, and people in our communities to gain the skills for these jobs. Led by the Business Board in development and implementation, the LIS sets out priority productivity and skills activities for the Combined Authority for the medium-term. The LIS, which is co-produced with Government, explores the further support and investment national Government could offer to deliver the UK Industrial Strategy locally.

Strategic Spatial Framework

As part of the Devolution Deal, the Combined Authority is developing a non-statutory spatial strategy for Cambridgeshire and Peterborough. This will align essential infrastructure, housing and job growth, and set out how growth can be delivered. It links to other strategies of the Combined Authority. Local planning authorities, all of whom are represented on the Combined Authority Board, retain their statutory planning powers.

Phase one of the Non-Statutory Strategic Spatial Framework has been completed, which sets out the principles of planning or sustainable growth. In 2019 we will be bringing forward Phase two with a growth vision to 2050.

Skills Strategy

The Skills Strategy supports our vision of a local skills system that is world-class in matching the needs of our employers, learners and communities. The principles of the Strategy include simplifying access to skills support for employers and learners and tailoring interventions to appropriate geographies, sectors and learners by the development of the Progression and Apprenticeship Market Place, the new University of Peterborough and AEB. The strategic priorities are ensuring local provision that is matched to industry need, making sure people are work-ready, raising aspirations, and influencing choices.

It is envisaged that 2019/20 will see the priority planned interventions to address the strategic priorities. These include the University of Peterborough, implementing localised adult education, a work readiness pilot and a Progression and Apprenticeship Market Place. 2019 will also be the second year of the Health & Care Sector Work Academy, a programme to tackle the local shortage of skilled workers in the health and care sector. This three-year programme will train 2,100 learners.

Local Transport Plan

Following devolution, the Combined Authority is now the Local Transport Authority with strategic transport powers. The Local Transport Plan provides an overview of the area's aims and objectives, its strategies to address challenges and summarises the major transport schemes required to achieve targeted growth and place-making across the Combined

Authority geography. Whilst the current interim plan complies with the Authority's statutory requirements, it is not fully aligned with the aspirations of the Combined Authority as set out by the Mayor. Major work was undertaken in 2018/19 and the final Local Transport Plan will be produced during 2019.

7. Performance

Projects invested in by the Combined Authority in 2018-19 included the following:

CPIER report

The Combined Authority welcomed the findings of the report published by the Cambridgeshire & Peterborough Independent Economic Commission. The Commission, chaired by Dame Kate Barker, was set up in January 2018 to bring together prominent experts in the fields of business, academia and economics to undertake a major review of the Cambridgeshire and Peterborough economy.

Cambridge Autonomous Metro (CAM)

The Combined Authority and Greater Cambridge Partnership (GCP) have developed a strategic outline business case for the CAM proposal in 2018/19. Further funding has been committed in 2019/20 to develop a strong Outline Business Case as a driver to release funding.

Wisbech Road Improvements and Wisbech Rail Study

The Cambridgeshire & Peterborough Combined Authority allocated £10.5 million to a package of improvements to the road system around Wisbech.

The highway improvements will stimulate housing, economic and jobs growth in the town.

A budget of £1.5 million was also approved to fund a detailed study into delivering a rail link between Wisbech and March.

This work was commenced in 2018/19.

Peterborough City Centre Improvements: Bourges Boulevard

An extensive improvement programme along Peterborough's Bourges Boulevard Corridor was completed in October 2018. The final £1.35m of the £9.2m was paid in this year.

St Neots Master Plan

Following the approval of Phase One of the St Neots Masterplan by the Combined Authority Board in 2017, a bid for £4.1 million of investment in St Neots over the next three years was agreed by the Combined Authority Board in June 2018.

Affordable Housing

£13.55m was paid to Cambridge City Council towards the delivery of 500 affordable homes in the city. Spend will escalate in 2019/20 in Cambridge and other areas across the Combined Authority area.

Ely Southern Bypass

October 2018 saw the opening the Ely Southern Bypass, delivering a boost to residents and the economy of East Cambridgeshire and beyond, after years of suffering the effects of delays and congestion on the busy A142 route.

Saving the X3 Bus Service

A vital bus service between Papworth and Cambridge was saved thanks to a £10,000 grant by the Combined Authority and South Cambridgeshire District Council.

Road Improvements: Kings Dyke

Funding for the new King's Dyke level crossing project was approved by the Cambridgeshire & Peterborough Combined Authority in October 2018, allowing it to progress to the construction phase. £6.11m was paid in this year.

Agri-tech grant programme

The Eastern Agri-Tech Growth Initiative is run by the Combined Authority with support from New Anglia LEP, Norfolk County Council, and the local authorities covering the two LEP areas. £1.98m was funded in 2018/19. The Combined Authority agreed to extend the project to 2021, with a further £4 million available to businesses.

Training for apprentices at iMET

iMET is an advanced technical training centre, based in the heart of the Alconbury Weald Enterprise Campus, conceived from an identified need to deliver higher-level training for the manufacturing, built environment and science & technology

sectors and was opened in June 2018. The final payment of £1.34m of the £10.5m project was paid in 2018/19.

Delivering Digital Connectivity Strategy

In June 2018 the region's new Delivering Digital Connectivity Strategy was launched with £5.6 million investment from the Combined Authority to significantly improve mobile, broadband and public Wi-Fi coverage, whilst securing future proof full fibre and 5G networks. Nearly £0.5m was funded in 2018/19.

Greater South East Energy Hub

The Energy Hub was established this year and is operated by the Combined Authority for a 15-county area plus Greater London to promote sustainable energy solutions.

M11 Junction 8

Following the recommendation of the Business Board, £1 million is being invested in improvements to Junction 8 on the M11. This is an important intersection for Stansted Airport, a key international gateway for the Cambridgeshire and Peterborough.

8. Outlook

The Combined Authority restates its commitment to double GVA over 25 years. We recognise that this will require action and investment by both the public and private sectors. It is the role of the Combined Authority to lead and to convene partners in order to make that happen.

Partnership will be essential to delivery. The public sector in particular needs to work more closely to leverage all our resources, human and financial. We also need to depoliticise what we do about growth and build a consensus that gives our communities, businesses and central government the confidence that when they make decisions to live, grow and invest in our region they do so knowing there's not a better area in the country to do it.

Key and valued local partnerships for the Combined Authority include those with constituent authorities, with the Business Board and employers in the area, with the Greater Cambridge Partnership, and those involving cross-border working with neighbouring councils.

9. 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 2015/16 (the Code).

The Statement of Accounts brings together the major financial statements for the Authority for the financial year 2018/19. 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, including all aspects of the Business Board (LEP). The key contents of the various sections are as follows:

- Statement of Responsibilities – sets out the responsibilities of the 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 Authority.
- Balance Sheet – shows the value of the assets and liabilities recognised by the Authority as at 31 March 2019.
- 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.
- Statement of Accounting Policies – outlines the accounting policies adopted by the Authority.

Noel O'Neill
Interim Chief Finance Director and S73 Officer

Independent Auditors' Report to the Members of Cambridgeshire and Peterborough Combined Authority

Content to be provided by Ernst and Young LLP

Statement of Responsibilities for the Statement of Accounts

The Combined Authority's Responsibilities

The Combined Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Combined Authority, that officer is the Interim Chief Finance Officer
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Interim Chief Finance Officer's Responsibilities

The Interim Chief Finance Officer is responsible for the preparation of the Combined Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Interim Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Interim Chief Finance Officer has also:

- kept proper accounting records which were up to date

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Interim Chief Finance Officer's Certificate

I certify that the accounts set out on pages 15 to 40 present a true and fair view of the financial position of the Combined Authority at 31 March 2019 and its income and expenditure for the year ended 31 March 2019.

Interim Chief Finance
Officer:

Date: _____

Approval of the Statement of Accounts

I confirm that these accounts were approved by the Audit and Governance Committee at the meeting held on xx xxx 2019.

Chair of the Audit
Committee:

Date: _____

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Combined Authorities can raise taxation to cover expenditure in accordance with statutory requirements; this

may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2017/2018			Comprehensive Income & Expenditure Statement (CIES)	Notes (From Page 20)	2018/19		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000			Gross Expenditure £000	Gross Income £000	Net Expenditure £000
867	(7)	860	Combined Authority Staffing Costs		4,811	3	4,814
-	-	-	Financing Costs		132	(350)	(218)
21	-	21	Public Service Reform and Strategic Planning		615	(338)	277
1,038	-	1,038	Governance Costs		143	-	143
865	-	865	Operational Costs		1,468	(80)	1,388
1,110	-	1,110	Fiscal and Economic Strategy		759	(6)	753
149	-	149	Mayors Office		349	(27)	322
			New Homes and Communities		133	(88)	45
34,455	(34,309)	146	Transport & Infrastructure		55,517	(50,291)	5,226
2,553	(1,346)	1,207	Employment & Skills		7,368	(7,377)	(9)
41,057	35,661	5,395	Cost of Services		71,295	(58,554)	12,741
-	(287)	(287)	Financing & Investment Income & Expenditure	4	-	(1,293)	(1,293)
-	(56,569)	(56,569)	Non-Specific Grant Income & Expenditure	5	-	(43,071)	(43,071)
41,057	(92,518)	(51,461)	Surplus on Provision of Services		71,295	(102,918)	(31,623)
		-	Other Comprehensive Income & Expenditure				-
		(51,461)	Total Comprehensive Income & Expenditure				(31,623)

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Combined Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Combined Authority's reserves are broken down between

gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

Movement in Reserves	Note	General Fund Balance	Earmarked General Fund Reserves¹	Capital Grants Unapplied Account	Usable Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Combined Authority Reserves
		£000	£000	£000	£000	£000	£000	£000
<i>Balance at 1 April 2017</i>		(7,057)	(446)	(32,500)	-	(40,003)	-	(40,003)
<i>Total Comprehensive Income & Expenditure</i>		(51,461)	-	-	-	(51,461)	-	(51,461)
<i>Adjustments between accounting basis & funding basis under regulations- Capital grants & contributions unapplied from the CIES</i>		48,569	-	(48,569)	-	-	-	-
<i>Net Increase before Transfers to Earmarked Reserves</i>		(2,892)	-	(48,569)	-	(51,461)	-	(51,461)
<i>Transfers to / (from) Reserves</i>		54	(54)	-	-	-	-	-
<i>Increase / (Decrease) in 2017/18</i>		(2,838)	(54)	(48,569)	-	(51,461)	-	(51,461)
<i>Balance at 31 March 2018 Carried Forward</i>		(9,895)	(500)	(81,069)	-	(91,464)	-	(91,464)
Balance at 1 April 2018		(9,997)	(500)	(100,980)	(9,189)	(120,666)	(7,125)	(127,790)
Total Comprehensive Income & Expenditure		(31,623)	-	-	-	(31,623)	-	(31,623)
<i>Adjustments between accounting basis & funding basis under regulations- Capital grants & contributions unapplied from the CIES</i>	9	30,661	-	(31,513)	(1,885)	(2,737)	2,737	-
<i>Net Increase before Transfers to Earmarked Reserves</i>		(961)	-	(31,513)	(1,885)	(34,360)	2,737	(31,623)
<i>Transfers to / (from) Reserves</i>		1,017	(1,017)	-	-	-	-	-
Increase / (Decrease) in 2018/19		56	(1,017)	(31,512)	(1,885)	(34,360)	2,737	(31,623)
Balance at 31 March 2019 Carried Forward		(9,941)	(1,517)	(132,492)	(11,074)	(155,025)	(4,388)	(159,413)

*
¹This reserve provides a working balance to cover risks to the revenue budget. The transfer in was to return the reserve to the planned level following a drawdown in 2017 to fund VAT on expenditure which was irrecoverable at that point.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Combined Authority. The net assets of the Combined Authority (assets less liabilities) are matched by the reserves held by the Combined Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Combined Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is that which the Combined Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2018	Balance Sheet	Notes	31 March 2019 £000
-	Short Term Debtors		200
-	Short Term Investments		209
-	Cash & Cash Equivalents		4,342
-	Long Term Assets		4,751
858	Short Term Debtors	15, 17	1,205
25,049	Short Term Investments	19	57,743
73,994	Cash & Cash Equivalents	15, 20	109,758
99,901	Current Assets		168,707
(6,216)	Short Term Creditors	18	(10,853)
(777)	Provisions	21	-
(6,993)	Current Liabilities		(10,853)
(1,444)	Capital Grants Receipts in Advance (DfT Local Transport Grant)		(3,191)
(1,444)	Long Term Liabilities		(3,191)
91,464	Net (Liabilities) / Assets		159,413
(91,464)	Usable Reserves		(155,025)
-	Unusable Reserves		(4,388)
(91,464)	Total Reserves		(159,413)

Interim Section 73 Officer:

Noel O'Neil

Date:

May 2019

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Combined Authority during the reporting period. The statement shows how the Combined Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Combined Authority are funded by way of taxation and grant income or from the recipients of services

provided by the Combined Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Combined Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Combined Authority.

2018 £000	Cash Flow Statement	Notes	2018/19 £000
(51,461)	Net (Surplus) / Deficit on the Provision of Services		(31,623)
(7,083)	Adjust net (Surplus) / Deficit on the Provision of Services for Non Cash Movements		(34,436)
-	Adjust for Items Included in the Net (Surplus) / Deficit on the Provision of Services that are Investing & Financing Activities		-
(66,059)	Net Cash Flows from Operating Activities		(66,059)
25,049	Investing Activities	19	32,295
-	Financing Activities		-
(33,764)	Net (Increase) / Decrease in Cash & Cash Equivalents		(33,764)
40,500	Cash & Cash Equivalents at the Beginning of the Reporting Period		75,994
33,494	Increase / (Decrease) in Cash and Cash Equivalents		33,764
109,758	Cash & Cash Equivalents at the end of the Reporting Period	20	109,758

Notes to the Accounts

1 External Audit Costs

The Combined Authority has incurred the following cost in relation to the audit of the Statement of Accounts provided by the Combined Authority's external auditors, Ernst & Young LLP (EY).

2017/18	External Audit Costs	2018/19
£000		£000
35	Fees payable with regard to external audit services carried out by the appointed auditor	35
35	Total	35

2 Mayor's and Member's Allowances

Mayor is the only Member of the CPCA Board who receives an allowance and expenses as the other Members are Leaders of their respective Constituent Authority and receive expenses and an allowance through this.

The interim Chair of the Business Board was paid a £2,000 per month allowance during his tenure, in line with the allowance paid to the LEP chair prior to its inclusion within the CPCA.

The Chair of Audit and Governance Committee receives an allowance in lieu of expenses

Role	Year	Allowance	Expenses	Total
Mayor	17-18 (part year)	£70,919	£5,309	£76,228
	18-19	£75,000	£5,835	£80,835
Interim Chair of the	18-19	£11,600	-	£11,600

Business Board ¹				
Chair of Audit and Governance Committee ²	17-18	-	-	-
	18-19	1,656	-	1,656

¹As the Business Board LEP was not part of the CPCA in 17-18 there were no costs in the prior year for comparison.

²No allowance or expenses were paid to the Chair of Audit and Governance Committee in 2017-18

The Mayor took office with effect from 8th May 2017. Hence the 2017/18 figure for the Mayor's allowance reflects a part year charge.

3 Officers' Remuneration

The Accounts and Audit Regulations 2015 require the disclosure of certain details relating to employees whose remuneration was £50,000 or more. Additional disclosures are required relating to the organisation's Senior Employees.

These requirements only apply to directly employed staff.

During 2018/19 some Combined Authority staff were contractually employed by Peterborough City Council however, for clarity of the accounts, these staff will be included but clearly noted where this is the case.

Senior Employees

Senior employees whose salary is £50,000 or more, but less than £150,000, are required to be listed individually by way of job title. Employees whose salary is £150,000 or more must also

be identified by name. In this context, a senior employee is identified as follows:

- the designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989;
- any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with others.

All those employees who would be classed as Senior were employed by PCC or on an interim basis, as such the total costs of each post for the year (including any has been included below

	Name(s) of post holders in 2018-19	Total Remuneration including Employer Pension Contributions £000	
		2017-18	2018-19
Chief Executive¹	M Whiteley K Sawyer J Hill	230	350
Monitoring Officer²	K Sawyer P Arran H Norris	127	166
Chief Finance Officer³	R Musson K Fenlon N O'Neill	95	201
Director of Business and Skills⁴		-	161

Director of Strategy and Policy⁵		-	77
Director of Housing⁵		-	109
Director of Transport^{5,6}		-	171
Total		452	1,235

1.The permanent Chief Executive Officer (Martin Whiteley) left the Combined Authority in September and two interim joint CEOs (Kim Sawyer and John Hill) have been in post since 26th September 2018.

2.The permanent Monitoring Officer, Kim Sawyer, was acting up to interim joint CEO from 26th September 2018. From October the Monitoring Officer role was covered by two successive interims.

3.The role of Interim Chief Finance Officer was held successively by Rachel Musson, Karl Fenlon and Noel O'Neill during 2018/19.

4.The Director of Business and Skills post was held by two successive appointments throughout the year, neither received more than £150,000.

5.These Director posts were appointed within the reporting period, their actual costs to the Combined Authority are recorded here.

6.The role of Director of Transport was covered by Inner Circle Consulting Ltd.

Employee remuneration above £50,000

In addition to those individuals shown in the senior officers table on the previous page, the number of Combined Authority staff (excluding senior employees) with remuneration (comprising salary, fees, expenses, allowances and any exit package) above £50,000 is as follows:

Remuneration Banding	2017-18	2018-19		
		Employed by Peterborough City Council	Employed by the Combined Authority	Total
£50,000-£54,999	-	-	2	2
£55,000-£59,999	1	1	1	2
£60,000-£64,999	-	1	1	2
£65,000-£69,999	-	2	-	2
£70,000-£74,999	-	-	2	2
£75,000-£79,999	-	3	-	3
£80,000-£84,999	-	1	1	2
£85,000-£104,999	-	-	-	-
£105,000-£109,999	-	1	-	1
£110,000-£139,999	-	-	-	-
£140,000-£144,999	-	1	-	1
£145,000-£174,999	-	-	-	-
£175,000-£179,999	1	-	-	-
£180,000-£194,999	-	-	-	-

£195,000-£199,999	-	1	-	1
Total	2	11	7	18

The number of exit packages in terms of compulsory and other departures is set out in the table below, total amount paid per banding is excluded as it would allow individual packages to be identified.

	Number of compulsory redundancies	Number of other departures with exit packages*	Total number of exit packages
£0-£20,000	1	-	1
£20,001-£80,000	-	-	-
£80,001-£100,000	-	1	1
Totals	1	1+	2+

* Those individuals included within the other departures column were employed by PCC on behalf of the Combined Authority.

* A second member of staff is in negotiation regarding their exit package. The value of this is currently uncertain.

There were no exit package costs to the Combined Authority in 2017-18.

Pay Multiple

The pay multiple is defined as the ratio between the highest paid taxable earnings for a given year (including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-

kind) and the median earnings figure of the whole of the authority's workforce.

For 2018-19 the Combined Authority's pay ratio takes into account those members of staff employed by both the CA and those employed via PCC and was 4.56.

4 Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

2017/18	Financing & Investment Income & Expenditure	2018/19
£000		£000
(287)	Interest Receivable & Similar Income (Note 13)	(1,293)
(287)	Total	(1,293)

5 Comprehensive Income & Expenditure Statement –Non Specific Grant Income

2017/18	Non-Specific Grant Income	2018/19
£000		£000
(8,000)	Non-Specific Government Grants	
	Gain Share - Revenue	(8,000)
	Other revenue	(2,459)
(8,000)	Total Non-Specific Grants	(10,459)
	Capital Grants & Contributions	
(11,055)	Gain Share - Capital	(11,332)
(27,608)	Housing Grant - General	(14,859)
(9,906)	Housing Grant - Cambridge	(3,514)
	Local Growth Fund	(2,906)
(48,569)	Total Capital Grants & Contributions	(32,611)
(56,569)	Total Income	(43,070)

6 Related Parties

The Combined Authority is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Combined Authority or to be controlled or influenced by the Combined Authority.

a) Central Government

The UK Central Government has significant influence over the general operations of the Combined Authority, it is responsible for providing the statutory framework, within which the Combined Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Combined Authority has with other parties.

The period's transactions, and period end balances were as follows;

	2017/18 £000
Income	
CLG – revenue grants	(8,000)
CLG – capital grants	(52,500)
DfT – capital grants*	(30,378)
DWP – career and pay progression	(1,300)
DfE – adult education budget	(46)
	(92,224)

b) Cambridgeshire and Peterborough Constituent Councils

The Leaders of the district councils, county council and unitary authority also serve as members of the Combined Authority.

The period's transactions, and period end balances were as follows;

	2018/19 £000
Expenditure	
Expenditure with councils	56,895
Creditors	
General creditors with councils	4,562

c) Members

The Members of the Combined Authority have direct control over the Combined Authority's financial and operating policies.

During the period no works or services were commissioned from companies in which any Members had an interest.

d) Officers

The senior officers of the Combined Authority may have direct control over the Combined Authority's financial and operating policies.

During the period no works or services were commissioned from companies in which the officers had an interest.

7 Expenditure and Income Analysed by Nature

2017/18 £000	Expenditure and Income Analysed by Nature	2018/19 £000
	Expenditure	
-	Employee Expenses - Contracts held by CPCA	1,330
xxxxx	Employee Expenses - Contracts held by PCC	2,137
34,309	Capital Grants made treated as REFCUS	59,077
6,747	Other Service Expenses	8,751
41,056	Total Expenditure	71,295
	Income	
(287)	Interest & Investment Income	(1,293)
(92,224)	Government Grants & Contributions	(101,047)
(6)	Other Income	(579)
(92,517)	Total Income	(102,919)
(51,461)	Deficit / (Surplus) on the Provision of Services	(31,624)

8 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Combined Authority's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2017/18			Expenditure and Funding Analysis (EFA)		Notes	2018/19		
Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis* £000	Net Expenditure in the CIES £000				Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis ¹ £000	Net Expenditure in the CIES £000
860	-	4,814	Combined Authority Staffing Costs			4,814	-	4,814
-	-	-	Financing Costs			(350)	132	(218)
21	-	277	Public Service Reform and Strategic Planning			277	-	277
1,038	-	143	Governance Costs			143	-	143
865	-	1,387	Operational Costs			1,327	60	1,387
1,110	-	-	Fiscal and Economic Strategy			753	-	753
149	-	322	Mayors Office			322	-	322
-	-	-	New Homes and Communities			45	-	45
146	-	45	Transport & Infrastructure			3,148	2,079	5,227
1,207	-	(9)	Employment & Skills			955	(964)	(9)
5,396	-	12,741	Cost of Services			11,434	1,307	12,741
(8,287)	(48,569)	(44,364)	Other Income & Expenditure	4, 5		(12,396)	(31,968)	(44,364)
(2,891)	(31,625)	(31,632)	Surplus on Provision of Services			(962)	(30,661)	(31,623)
(7,503)			Opening General Fund Balance			(10,497)		
(2,891)			Surplus on General Fund Balance in Year			(962)		
(10,394)			Closing General Fund Balance			(11,459)		

¹ When accounting on a statutory basis, unspent capital grants without conditions are unapplied from the net Expenditure Chargeable to the General Fund, under generally accepted accounting practices these are credited to the CIES. Also REFCUS and its associated capital grants, which net to nil are, are removed from the Costs of Services, see Note 10.

9 Capital Grants Unapplied Reserve

Capital Grants Unapplied Reserve Reserves	31 March 2018 £000	Transfers In £000	31 March 2019 £000
Gain Share - Capital	23,054	10,991	34,046
Housing Grant - General	37,610	14,646	52,254
Housing Grant - Cambridge	20,405	3,514	23,920
Local Growth Fund	-	2,362	22,272
Total Reserves	81,069	31,513	132,492

10 Capital Adjustment Account

2017/18 £000	Capital Adjustment Account:	2018/19 £000
-	Balance at start of year	(7,310)
(34,309)	Capital Grants & Contributions that have been applied to Capital Financing	(57,962)
34,309	Revenue Expenditure Funded from Capital under Statute (REFCUS)	59,077
-	Redemption of financial assets (loans)	3,000
	Transfer from usable capital receipts reserve	(1,115)
	Application of Grants to Capital Financing from the Capital Grants Unapplied Account	(341)
-	Charges for depreciation	60
-	Balance at end of the year	(4,590)

11 Property Plant and Equipment

2017/18 £000	Vehicles, Plant and Equipment	2018/19 £000
-	Balance at start of year	-
-	Additions	260
-	Disposals	-
-	Depreciation	(60)
-	Balance at end of the Year	200

12 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the following table, together with the resources that have been used to finance the expenditure.

2017/18 £000		2018/19 £000
-	Opening Capital Financing Requirement	-
	Capital Investment	
34,309	Revenue Expenditure Funded From Capital Under Statute PPE	59,077
	Sources of Finance	
-	Usable Capital receipts	(1,115)
34,309	Capital Grants & Contributions	(57,962)
-	Closing Capital Financing Requirement	260

2017/18 £'000	Reconciliation of Grant Funding Applied to Capital Financing	2018/19 £'000
	Grants used to Fund Revenue Expenditure Funded from Capital under Statute:	
34,309	In Year	57,962
	Applied from Capital Grants Unapplied Account	-
34,309	Total Grants & Contributions applied	57,962

2018 £000	Body of Grant Funding Applied	2018/19 £000
28,628	Department for Transport – Local Transport Grant	24,522
1,750	Department for Transport – Highways Challenge Fund	-
2,392	C&P Housing Capital Grant	141
	Local Growth Fund	
	Transforming Cities Fund	3,784
	National Productivity Infrastructure Fund	1,596
594	Cambridge Housing Grant	13,486
945	Gainshare Funding - Capital	630
34,309	Total Grants Applied	57,962

13 Combined Authority Leasing Arrangements

Combined Authority as Lessee - Operating Leases

The Combined Authority's operating leases are for the office in Alconbury and the Mayor's office in Ely, however there are two other leases relating to equipment held under operating leases.

31 March 2018 £000	Council as Lessee - Operating Leases	31 March 2019 £000
-	Not Later than One Year	212
-	Later than One Year & Not Later than Five Year	741
-	Later than Five Years	1,634
-	Total	2,587

The amount charged to Cost of Services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases is shown in the table below:

31 March 2018 £000	Council as Lessee - Operating Leases	31 March 2019 £000
-	Minimum Lease Payments	143
-	Total	143

14 Financial Instruments

Under IFRS 9 the financial assets on the Balance Sheet are now classified by one of the following categories in the table below:

- Amortised Cost
- Fair Value through the Income and Expenditure (FVOCI)
- Fair Value through the Profit and Loss (FVPL)

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2018 £000	Financial Assets	2018/19 £000
(287)	Interest Income	(1,293)
(287)	Total for Financial Assets	(1,293)
-	Total for Financial Liabilities	-

(287) **Net expenditure for the year**

(1,293)

The following categories of financial instrument are carried in the Balance Sheet:

2018 Long Term £000	2018 Current £000	Financial Instruments Balances	2019 Long Term £000	2019 Current £000
-	25,049	Investments – Amortised Cost	-	57,743
-	73,994	Investments – Short term classified as Cash & Cash Equivalents	-	109,758
-	-	Medtech Shares – (FVOCI)	209	-
-	-	Debtors – Amortised Cost	-	-
-	858	Debtors – Other	-	431
-	(6,216)	Creditors	-	(6,029)

15 Fair Value of Financial Assets and Financial Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried in the balance sheet at amortised cost.

Their fair value has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- the prevailing rate of a similar instrument with a published market rate has been used as the discount factor for other loans receivable and payable;
- no early repayment is recognised;
- where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.

All Financial Assets and Liabilities held by the Combined Authority are due to mature in less than 12 months so Fair Value is assumed to be the carrying amount. The input level in the fair value hierarchy is Level 1 for all Financial Assets held.

The Fair Values calculated are as follows:

2018 Carrying Amount £000	Fair Value £000	Financial Liabilities	2018/19 Carrying Amount £000	Fair Value £000
(6,216)	(6,216)	Short Term Creditors	(6,029)	(6,029)
(6,216)	(6,216)	Total	(6,029)	(6,029)

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

2018 Carrying Amount £000	Fair Value £000	Financial Assets	2018/19 Carrying Amount £000	Fair Value £000
25,000	25,000	Temporary Investments	57,500	57,500
49	49	Interest Associated with Temporary Investments Short Term	243	243
73,700	73,700	Investments Classified as Cash & Cash Equivalents	109,300	109,300
81	81	Interest Associated with Short Term Investments	289	289
-	-	Medtech Shares – (FVOCI)	209	209
213	213	Total Cash & Bank	169	169
858	858	Debtors	431	431
99,901	99,901	Total	168,141	168,141

16 Nature and Extent of Risks Arising from Financial Instruments

The Combined Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Combined Authority.
- Liquidity risk – the possibility that the Combined Authority might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Combined Authority as a result of changes in such measures as interest rates and money market movements.

The Combined Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Capital and Treasury Team, under policies approved by the Combined Authority in the Annual Treasury Management Strategy. The Combined Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Combined Authority's customers.

The risk is minimised through the Annual Investment Policy set out in the approved Treasury Strategy, which requires that investments are not made with financial institutions unless they meet minimum credit criteria in accordance with the Fitch

Moody's and Standard & Poor's Credit Ratings Services. This Policy also imposes a maximum sum to be invested with a financial institution located within each category.

The 2018/19 Annual Investment Policy sets out the credit criteria below although the Combined Authority actually minimised the risk further by only investing with the Debt Management Office, its banking provider (Barclays), Bank of Scotland (part of the Lloyds Banking Group) and the CCLA money market fund.

The credit criteria in respect of financial assets held by the Combined Authority are as follows:

- Deposits could be made with banks and other financial institutions that have been rated by recognised independent credit rating agencies with a minimum score of "A", with £100m of the total amount deposited in the highest rated category. The credit element of the methodology focuses solely on the Short and Long Term investment ratings, therefore no longer including the viability and financial strength of the institution.
- Deposits can be made with other institutions that have not found it necessary to maintain a credit rating e.g. local authorities, and these are subject to an assessment of risk that is carried out internally. Deposits to these bodies are limited to £100m in total.
- No more than £15m is held with any one banking institution, except for the Debt Management Office (DMO), regardless of standing or duration, and a range of counterparties that operate in different sectors in the UK is used to reduce risk exposure.
- All the counterparties used are licensed to accept deposits in the United Kingdom and are regulated by the Financial Conduct Authority.

- Creditworthiness advice and market intelligence is received from treasury advisors as required.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Combined Authority.

The Combined Authority had a total of £49.3m deposited with the Debt Management Office (DMO), UK banks and CCLA at 31 March 2019. As the DMO is within the scope of HM Treasury this reduces the overall credit risk. There is a specific risk attached to amounts deposited with the individual institutions based on their ability to make interest payments and repay the principal outstanding, it is however more difficult to assess the risk in general terms. Recent experience has shown that it is rare for such entities to not meet their commitments. Whilst there is a risk of recoverability with regard to these deposits, there was no evidence that this was likely at 31 March 2019.

Liquidity Risk

The Combined Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. In the unlikely event that unexpected movements happen, the Combined Authority has ready access to borrowings from the Public Works Loans Board (PWLb) and the money market generally. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Market risk

Interest rate risk

The Combined Authority is exposed to risk in terms of its exposure to interest rate movements on its and investments. Movements in interest rates have a complex impact on the Combined Authority. For instance, a rise in interest rates would have the following effects:

- investments at fixed rates – the fair value of the assets will fall
- investments at variable rates – the interest income credited to the (Surplus) / Deficit on the Provision of Services will rise

The Capital and Treasury Team assesses interest rate exposure which feeds into the setting of the annual budget and is used to update the forecasts during the period. This allows any adverse changes to be accommodated.

Price Risk

The Combined Authority does not invest in equity shares and hence currently has no exposure to losses arising from movements in the prices of the shares.

Foreign Exchange Risk

The Combined Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

17 Debtors

31 March 2018 £000	Debtors	31 March 2019 £000
451	Central government bodies	547
	Other local authorities	487
407	Other entities and individuals	171
858	Total Debtors	1205

18 Creditors

31 March 2018	Creditors	31 March 2019
£000		£000
(1,321)	Central government bodies	(3,556)
(2,631)	Other local authorities	(4,562)
(12)	Public corporations and trading funds	-
(2,252)	Other entities and individuals	(2,735)
(6,216)	Total Creditors	(10,853)

19 Cash Flow Statement – Investing Activities

Short Term Investments are sums invested with a maturity of greater than three months but less than 12 months at the balance sheet date. Sums invested with a maturity of less than three months at the balance sheet date are classified as Cash and Cash Equivalents, see note 20. The cash flows for investing activities include the following items:

2018 £000	Cash Flow Statement – Investing Activities	2018/19 £000
25,049	Purchase of Short Term Investments	34,694
	Purchase of Property, Plant & Equipment and Equity Instruments	601
	Proceeds from loan repayment	(3,000)
25,049	Net cash flows from investing activities	32,295

20 Cash Flow Statement – Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is shown in the following table. The 'Bank Current Accounts' line includes payments that have not yet cleared in the actual bank accounts.

2018	Cash Flow Statement – Cash and Cash Equivalents	2018/19
£000		£000
73,781	Short Term Cash Investments	109,589
213	Bank Accounts	169
73,994	Total Cash & Cash Equivalents	109,758

21 Critical Judgement in Applying Accounting Policies

In applying the accounting policies set out above, the Combined Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Combined Authority has received a number of capital grants, see note 5. A judgement has been required for each one, and although some of the grants have been ring fenced for specific purposes, not all of these have conditions in place that satisfy the requirements of the Code to treat the unspent elements of the grants as Capital Grant Receipts in Advance. Unspent capital grant funding in relation to these grants has been accounted for in the CIES and transferred to the Capital Grants Unapplied Reserve.

22 Accounting Standards that have been Issued but have Not Yet Been Adopted

The standards which have been introduced by the 2019/20 Code and will be effective from 1 April 2019 are as follows:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property clarifies the guidance on accounting for transfers to and from Investment Property. As the Combined Authority does not have any such assets, there will be no impact on the Combined Authority's financial statements;
- Annual Improvements to IFRS Standards is a process to deal efficiently with a collection of narrow scope amendments to IFRSs and focus on areas of inconsistency in IFRSs or where clarification of wording is required. The amendments are clarifying or correcting in nature, and do not propose new principles or changes to existing ones. Annual Improvements to IFRSs 2014 - 2016 Cycle will be effective from 1 April 2019. The issues included in these cycles will not have a material impact on the Combined Authority's financial statements;
- IFRIC 22 Foreign Currency Transactions and Advance Consideration clarifies the accounting for transactions in foreign currency that include the receipt or payment of advance consideration in a foreign currency. This will not have an impact on the Combined Authority's financial statements as the Combined Authority does not have material transactions of this nature;

- IFRIC 23 Uncertainty over Income Tax Treatments clarifies the accounting treatment of Income Tax where uncertainty exists. This will not have an impact on the Combined Authority's financial statements as the Combined Authority does not produce group accounts which incorporate companies with income tax liabilities;
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation introduces minor changes to IFRS 9 to allow classification of some debt instruments where a borrower was permitted to prepay the instrument at an amount less than the unpaid principal and interest owed at amortised cost instead of fair value through profit and loss. As the Combined Authority does not have any such instruments, there will be no impact on the Combined Authority's financial statements.

23 Authorisation of the Accounts

The Interim Chief Finance Officer authorises these accounts to be issued by 31 May 2019.

Accounting Policies

General Principles

The Statement of Accounts summarises the Combined Authority's transactions for the 2018/19 financial year and its position at the year-end 31 March 2019. The Combined Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015.

The Statement of Accounts must be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not when cash is paid or received. In particular;

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Acquired Operations

Additional policy detail required where an authority has acquired operations (or transferred operations under combinations of public sector bodies) during the financial year.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Combined Authority's cash management.

Charges to Revenue for Non-current Assets

Services and support services are debited with the following amounts to record the cost of holding non-current assets during the year:

depreciation attributable to the assets used by the relevant service

revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off

amortisation of intangible assets attributable to the service.

Depreciation, revaluation and impairment losses and amortisation are not charges to the Combined Authority's General Fund. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal an amount calculated on a prudent basis determined by the Combined Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by MRP by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the

cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Events after the Reporting Period

These are events that occur between the end of the accounting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- If events provide new evidence of conditions that existed at the balance sheet date the Statement of Accounts is adjusted;
- Other events are only indicative of conditions that arose after the balance sheet date. The Statement of Accounts is not adjusted. But where such a category of events would have a material effect, disclosure is made in the notes. The note sets out of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Combined Authority is contractually committed to a financial instrument. They are initially measured at fair value. They are carried at their amortised cost.

The amount charged to revenue is based on the effective interest rate. The effective interest rate discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

The carrying value for most loans is outstanding principal repayable plus accrued interest. Interest charged to the CIES is the amount payable under the agreement.

Annual charges for these loans are made to the Financing and Investment Income and Expenditure line in the CIES. The charge is the carrying amount of the liability multiplied by the effective rate of interest.

For these loans the difference between the annual charge and the cash paid is reversed out in the MIRS.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)
-

Financial Asset Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Financial Asset Measured at Fair Value through the Income and Expenditure (FVOCI)

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price

- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Combined Authority when there is reasonable assurance that;

- the Combined Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received

Amounts recognised as due to the Combined Authority are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a rent-free period at the commencement of the lease).

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service

potential associated with the item will flow to the authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price

- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

Assets included in the Balance Sheet are held at current value.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain community assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer

accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Programme Management of Delegated Funds

Some funds are delegated to CPCA that HM Government require it to distribute and manage to achieve the desired outcomes.

Government subsequently require officers of CPCA to monitor activity and report thereon regularly. Such funds require specific project management and this sets out the methodology for funds under management in 2018/19.

Local Growth Fund

This programme was inherited from the former GCGP LEP.

Funding is allocated to the Business Board based upon 2014/15 funding agreement to deliver increased GVA in the area. It ceases in 2021. Programme management costs are allowed by the funding agency, Department for Business, Energy and Industrial Strategy (BEIS) as determined by the Accountable Body. Previously 4% was agreed but this has been reviewed, since it became the CPCA's responsibility in 2018/19, to 2% of the funds received in year.

Housing Investment Fund

£170m has been devolved by HM Government to deliver 2,500 affordable homes by 2022. This seeks out opportunities and delivers grant to achieve this stretched target. Regular reporting and review is undertaken with the Ministry of Housing, Communities and Local Government. In 2017/18, this was undertaken by a constituent council on behalf of CPCA and paid for from the programme fund. In 2018/19, that arrangement was terminated and

staff employed specifically to deliver the programme management. The costs of that programme management function is paid for from the fund.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Combined Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Combined Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Combined Authority has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Combined Authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Combined Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Combined Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Reserves

The Combined Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year. It is included in the Surplus or Deficit on the Provision of Services in the CIES.

The reserve is then transferred back into the General Fund Balance in the Movement in Reserves Statement.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits. These reserves are not usable resources for

the Combined Authority – these reserves are explained in the relevant policies.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the General Fund Balance.

The Combined Authority receives many capital funds from H.M. Government to achieve outcomes in the area. Such funds include Gainshare (Capital), Transforming Cities Fund, Housing Investment Fund and Local Growth Fund. Currently CPCA doesn't own assets and seeks to deliver the outcomes through third parties such as constituent authorities by giving capital grants to deliver these capital projects. Under the CIPFA prudential code such expenditure is treated as REFCUS.

Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Glossary

Accounting Period - 1 April to 31 March is the local authority accounting period. It is also termed the financial year.

Accruals - Revenue and capital income and expenditure are recognised as they are earned or incurred, not as money is received or paid. Transactions are accrued with income and expenditure due but unpaid at 31 March brought into the accounts.

Annual Governance Statement – Identifies the systems that the Combined Authority has in place to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded.

Balance Sheet – This statement is fundamental to the understanding of the Combined Authority's financial position at the year-end. It shows the balances and reserves at the Combined Authority's disposal and its long term indebtedness. It also shows the long term and net current assets employed in its operations.

Balances – The non-earmarked reserves of the Combined Authority. These are made up of the accumulated surplus of income over expenditure. This is known as the General Fund Balance. Adequate revenue balances are needed to meet unexpected expenditure or a shortfall in income. The Combined Authority may decide to use its revenue balances to reduce its budget and thus its call on the Collection Fund.

Budget - A statement of an Combined Authority's plans for net revenue and capital expenditure.

Capital Expenditure - Expenditure on the acquisition or development of major assets which will be of use or benefit to a Authority in providing its services beyond the year of account.

Capital Grant - A grant received towards the capital expenditure incurred on a particular service or project. Capital grants can be made by an Authority.

Cash Equivalent – An investment that is liquid and matures within three months. There is no significant risk to the value on redemption.

Code of Practice on Local Authority Accounting – The statutory accounting code published by CIPFA.

Comprehensive Income and Expenditure Statement or CIES - Reports the income and expenditure for all the Combined Authority's services. The CIES demonstrates how services have been financed from general government grants and income from taxpayers.

Creditor - An amount owed by the Combined Authority for work done, goods received or services rendered to the Combined Authority within the accounting period but for which payment has not been made.

Current Asset - An asset which can be expected to be consumed or realised during the next accounting period.

Current Liability - An amount which will become payable or could be called in within the next accounting period.

Debtor - An amount owed to the Combined Authority within the accounting period, but not received at the Balance Sheet date.

Effective Rate of Interest – The rate of interest that is consistent with estimated cash flows over the life of a financial instrument and its initial value in the balance sheet. It is calculated using discounted cash flow.

Fair Value – Fair value is an important in setting the value for various assets in the balance sheet. It is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial Asset – A right to future economic benefits controlled by the Combined Authority. Examples include bank deposits, investments made and loans receivable by the Combined Authority.

Financial Instrument – This is an important definition in understanding the accounts. It includes both financial assets and liabilities. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Financial Liability – An obligation to transfer economic benefits controlled by the Combined Authority. Examples include borrowings, financial guarantees and amounts owed to trade creditors.

General Fund - The main fund of the Combined Authority that meets the cost of most services provided by the Combined Authority. The services are paid for from Council Tax, business rates, government grant and other income.

Government Grants and Subsidies - Grants towards either the revenue or capital cost of Combined Authority services. These may be either in respect of particular services or purposes, (specific and supplementary grants), or in aid of local services generally such as Revenue Support Grant.

Movement in Reserves Statement or MIRS – This statement shows the movement in the year on the different reserves held by the Combined Authority, analysed into 'usable reserves' (ie those

that can be applied to fund expenditure or reduce local taxation) and unusable reserves.

Non-current asset - An asset which has value beyond one financial year.

Non-Domestic Rates (NDR) or business rates - The rates payable by businesses on their properties are calculated by applying a nationally determined multiplier to the rateable value of the property. There is a lower multiplier for small businesses.

Precept – The Combined Authority is not empowered to bill council tax payers directly. Instead it may raise a precept on the billing authorities that are its members.

Reserves - Amounts set aside for purposes falling outside the strict definition of provisions are considered as reserves. Reserves include earmarked reserves set aside for specific projects or service areas, or expected future commitments.

Revenue Expenditure - The day-to-day running costs the Combined Authority incurs in providing services (as opposed to capital expenditure).

Usable Reserves – Those reserves that can be applied by the Combined Authority to fund expenditure or reduce local taxation.

Unusable Reserves – Those reserves that absorb the timing differences arising from different accounting arrangements. Unusable reserves are not available to fund expenditure or reduce local taxation.

Index of Notes to the Core Financial Statements

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Annual Governance Statement

For the year ended 31 March 2019

Cambridgeshire and Peterborough Combined Authority Annual Governance Statement – 2018/19

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.)

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, having regard to a combination of economy, efficiency and effectiveness.

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.

As the Authority was formally established on 3 March 2017, the organisation is at the start of its third year of operation and this is its third statement. The Authority has made good progress which is described in this statement and further progress will be made throughout the year. A copy of the Authority’s constitution, assurance framework and monitoring and evaluation framework is 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 (England) 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. For this reason, a review has been undertaken to establish progress in implementing its governance arrangements against the 2016 principles and the National Local Growth Assurance Framework.

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. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. 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.

As the organisation is now starting its third year, the governance framework remains in its development stage.

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 until May 2021.

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

- Control of a new additional £20 million a year funding allocation, over 30 years, to be invested to the Cambridgeshire and Peterborough Single Investment Fund, to boost growth.
- £170 million 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 come into force over the past year 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 regulation enabling the Combined Authority to fund homes for Affordable Rent

The Combined Authority is small in size and strategic in nature. The Authority has adopted a commissioning model with delivery being undertaken by those best qualified to do so across the public and private sector.

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.

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) nominates one of its Members, normally the Chair and a substitute member.

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 Board meets monthly.

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) 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 the agreed portfolio responsibilities from amongst the Members of the seven constituent councils and formally approved by the Board. Each Lead Member leads on his/her allocated portfolio functions and is accountable for his/her allocated area. Leads do not have delegated powers. The Mayor has appointed two deputies.

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 discreet 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.

The Governance arrangements are under review as at May 2019 to ensure the Combined Authority has the most effective and efficient decision-making arrangements.

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.

It 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. Two requests have been made to call-in Combined Authority decisions in the last year.

A committee have worked with the Centre for Public Scrutiny (CfPS) to explore areas for scrutiny. The committee undertake 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 a task and finish group to review the mass rapid transport project and the Board agreed a budget to enable the committee to commission the CfPS to assist them. The review began in June 2018. The Mayor and Chief Executive attends meetings at least quarterly to update the committee and to answer any questions. The committee also appointed lead members to key themes to enable them to better scrutinise the work of the Board.

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 chairs the meetings.

The committee recommended a number of governance policies and procedures to the Combined Authority Board in 2017/18 including a

- (a) member complaints procedure
- (b) corporate complaints procedure
- (c) whistleblowing and confidential reporting of complaint by third parties procedure
- (d) Data Protection policy

- (e) Freedom of Information policy and publication scheme
- (f) A Code of Corporate Governance in line with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government
- (g) Anti-fraud and corruptions policies and
- (h) risk management strategy

In 2018/19 the committee recommended further governance policies and procedures to the Board including:

- (a) Review of the Constitution
- (b) Review of Business Board Governance Arrangements
- (c) Review of the Joint Business Board and Combined Authority Assurance Framework

This statement has been reviewed against the Joint Business Board and Combined Authority Assurance Framework.

Business Board (Local Enterprise Partnership)

On 1 April 2018, the GCGP LEP 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 Centre Government and the region and offers policy advice and strategic direction aligned to the Authority's objectives.

The current membership (September 2018) comprises nine members, which includes two public sector members and up to seven business representatives from amongst the key sectors across the Cambridgeshire and Peterborough area. The majority members on the Board are from the private sector. Prior to the formal establishment of the Business Board a recruitment campaign was undertaken to appoint representatives from the business community. This recognised two key concepts:

- (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. There are seven private sector members of the board representing the key industrial sectors to ensure the prosperity of the area.

The Business Board is a key member of the Combined Authority. The Mayor and the Portfolio Holder for Economic Growth/Deputy Mayor are members of the Business Board recognising the importance of its role and the private sector in any growth strategies for delivery in the Combined Authority area.

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

Its constitutional arrangements comply with the Local Enterprise Partnership governance and transparency: best practice guidance issued by the Ministry of Housing, Communities & Local Government. The Guidance supports Local Enterprise Partnerships (LEPs) in meeting the recommendations made by a review into Local Enterprise Partnership governance and transparency, commonly known as the Mary Ney review.

Strategic Direction

Over the past year the Combined Authority has made good progress in developing its strategic direction.

1. As reported last year, 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.
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. In May 2018, the Combined Authority agreed its **2030 prospectus** to articulate its longer-term ambition and aspirations for Cambridgeshire and Peterborough. It also agreed its **Four-Year Plan** which set out how the Combined Authority planned to deliver its strategic growth ambitions and priority programmes in the period 2018/19 – 2021/22. It brings together the plans to support delivery of the 2030 ambitions for the benefit of all our communities. The Four-Year Plan has been developed through working closely with Leaders, Chief Officers and partners.
5. The **Cambridgeshire and Peterborough Combined Authority Business Plan** was agreed in January 2018 and set out the investment priorities for the period to 2020. The Combined Authority has been developing its detailed strategies for key areas of activity including:
 - Housing Strategy
 - Local Industrial Strategy
 - Local Transport Plan
 - Non-statutory spatial plan
6. The Combined Authority has 12 priority programmes based upon the CPIER objectives

and the strategies highlighted above. These 12 priority programmes are reflected in the Business Plan.

7. On 30th January 2019 the Cambridgeshire and Peterborough Combined Authority Board approved a four-year **Medium-Term Financial Plan** that forms the investment plan for the Combined Authority. This 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 Board has already adopted and the Board's quarterly performance reports will therefore enable members to monitor performance against the Business Plan priorities

The Business Plan will be reviewed in parallel with mid-year review of the Budget and Medium Term Financial Plan (MTFP).

The Board has also approved a Skills Strategy and Housing Strategy and public consultation has begun on the Combined Authority Local Transport Plan and phase 2 of the Non-Statutory Strategic Special Framework-

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

Assurance Framework

In March 2019, the Combined Authority Board and the Business Board agreed a single Assurance Framework which was finalised in May 2019. The latest Framework complies with the National Local Growth Assurance Framework (MHCLG) 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 Local

Enterprise Partnership and the Section 73 Officer, 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 March 2019, the Combined Authority agreed the latest version of 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.

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 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 Board each month. It will also include all forthcoming key decisions which require at least 28 days' notice. The Business Board has also agreed to publish its own forward plan.

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 and 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, for the financial year 2018/9 onwards, 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 reviewed by Directors and presented to the Combined Authority Board monthly 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.

Developing Capacity

The member structure is well defined and following the transfer of staff from the former LEP to the Combined Authority, a workforce plan has been developed to identify the resources required to ensure the organisation is best placed to deliver its objectives through a commissioning model. Recruitment to Chief Officer posts has taken place and a permanent staffing structure is now in place.

Internal Audit

Peterborough City Council provides the internal audit function. The Chief Internal Auditor presented the second audit plan to the meeting of the Audit and Governance Committee and has provided the Committee with regular updates on it throughout the year. The Chief Internal Auditor also presented the first audit plan for the Business Board.

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. A Risk Strategy has been agreed by the committee.

Corporate and project risk are identified, recorded and monitored by the Directors Management Team and the Audit and Governance Committee, and will be escalated to the Board where needed.

Managing Performance

Given the level of investment the combined authority will generate, it is vital that robust programme management processes are developed for its programmes, across distinct themes and for collective consideration of outputs and outcomes. As stated above, a monitoring and evaluation framework has been agreed by the Board and Government. 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.

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.

There were a number of reviews during the year

The Interim Chief Executive, commissioned CIPFA C. Co Limited to undertake an independent assurance review related to the production of the Authority's 2019/20 budget. CIPFA C. Co was satisfied that:

- (a) The Authority has prepared and is in the process of signing off its 2019/20 Budget and Medium-Term Financial Plan in accordance with its own policies and procedures as outlined in its Constitution.
- (b) That the 2019/20 Budget's content, including assumptions and revenue/capital split, are clear and appropriate.
- (c) The Authority has in place robust and comprehensive budget monitoring and reporting processes and procedures that will now include regular reporting to the Combined Authority Board including regular monthly reports and a detailed mid-year review.

They found that there are no material findings and/or failings have been identified as part of this review. A number of non-material recommendations are included to support the enhancement of processes already in place.

Theme	Recommendation	Agreed Proposed Action
Process	Satisfactory – no recommendation	
Budget Presentation	a) Review the Capital summary table within the Budget report and, where appropriate, more closely align to the Revenue summary table.	This will be reviewed and updated in the mid-year refresh of the budget and Medium-Term Financial Plan.

Budget Assumptions	<p>Revenue:</p> <p>a) Software & Licenses – A flat rate of £20k is budgeted to March 2023 and appears low in the context of an “immature Finance System” and developments in mobile technology. A review of this element is recommended.</p> <p>b) Recruitment – Given the forecast outturn for 2018/19, a zero budget against recruitment appears odd. Clarification on the revenue funding source for future recruitment is recommended.</p> <p>c) Accommodation/Office Running Costs – it would be useful to clarify the distinction between the two.</p> <p>d) Corporate Overheads – accepting that significant progress was made to reduce the salary element of the budget between draft and final budget reports, it would be prudent to review all corporate elements of the budget to ensure that the Authority continues to deliver value for money.</p>	Again, these recommendations will be reviewed and addressed in the mid-year refresh of the budget and Medium-Term Financial Plan.
Revenue/Capital Split	Satisfactory – no recommendation	
Governance	a) The introduction of monthly reporting to the Board, including proposals for a detailed mid-year review, is a positive step from a governance perspective. However, it is important that the content, format and impact of monthly reporting is kept under review to ensure that it continues to support effective delivery of both revenue and capital expenditure.	Noted. We are continually reviewing and updating reporting to the Board in order to keep them properly informed of the financial position of the Authority.

In 2017/18, Internal Audit undertook a review of the Combined Authority’s governance arrangements. The conclusion was that reasonable assurance can be placed on the systems and controls for the delivery of effective corporate governance. All the actions have been implemented.

In 2018/19, , Internal Audit undertook a review of the Combined Authority's governance arrangements. The Specific areas for attention with 'High' and 'Medium' ratings and the action plan to address the issues raised by the review are as follows:

Rating	Area For Attention	Agreed Proposed Action
Medium	Budget Management	
	BM1 The CPCA should ensure that following appropriate testing and data population etc. that the installation of (Agresso) financial software is in accordance with Go Live Project Action Plan timetable.	It will be handed over on 1 st June and live from 1 st July 2019.
Medium	BM3 The CPCA should establish who all the cost centre managers are to deliver the business in order to agree accountability and responsibility for financial monitoring. It is accepted that at the time of the audit, the review of the structure had resulted in the Director level only being determined.	In line with Board expectations, and reflected in our Constitution, spending decisions are taken by CPCA Board and there is limited delegation. Directors, under this system, is the right level for control. This is the control that CPCA want at this moment in time. This is likely to change as the organisation matures so functionality has been developed to enable different 'roles' to manage and monitor budgets within Agresso. These roles will be allocated to staff once the new establishment structure has been confirmed, and if and when appropriate amendments to the Organisation's scheme of delegation have been agreed.
Medium	BM4 Monthly budgetary returns must be completed. Any areas of non-compliance should be reported through to Director Group. A separate audit review is proposed for 2019/2020 once the finance system has been activated.	The CPCA budget is focussed and tightly controlled. The size of the organisation makes this possible. Directors oversee all spending and this is collectively monitored at Directors meeting. The CPCA is both very transparent and very controlled in how it reports spending and decisions publicly. Budget monitoring is reported to directors.
Medium	BM6 CPCA should look to novate staff away from PCC as a matter of urgency.	This action is completed

Medium	Governance G1 The CPCA should consider establishing an overarching Project Outcomes Plan which sets out the timelines for the delivery of critical projects.	Six-month review of the Business Plan and MTFP to commence September 2019
Medium	Risk Management RM1 The Risk Register should be reviewed to ensure that it remains relevant and fit for purpose.	The risk register is subject to continual review
Medium	Performance management Framework PMF1 The CPCA should consider establishing appropriate performance measures for other committees / portfolios in order to provide effective scrutiny and challenge.	CPCA will continuing to provide Board members with a quarterly Performance Report, which provides an update on the 6 key indicators and an exception report with projects of a red and amber status. The exception report is created from the monthly highlight reports, and the template for this is be reviewed over the next few months.
Medium	Freedom of Information CPCA, in line with good practice should consider recording FoI requests / responses on the website	FoI responses published on line from 5 March 2019
Critical	Human Resources HR1: A fundamental review is required of HR processes and a clear action plan developed to ensure that the key back office function can be delivered. Internal Audit will undertake a full review of this area in 2019 / 2020.	A number of corrective actions have already been put in place including the transfer of staff from PCC into a single structure, commencement of a review of all contractual arrangements, appointment of a payroll provider, the writing and evaluation of job descriptions for all roles, the writing of 18 Key procedures and a gap analysis is under way to determine any further key policies and processes. It is agreed that at the point of review the situation could be considered critical and we put in place corrective actions as outlined

		above, we would ask that a further review of the HR function in 6 months time to ensure these actions have embedded successfully.
High	HR2: It is imperative that there is a robust HR function which provides appropriate arrangements to monitor staff performance	Due to changes in the policy around incremental pay and the move towards Performance Management, an Appraisal Process will be introduced in the later stages of 2019. Development and implementation of a performance management and appraisal process and individual actions set out above.

A separate report was undertaken as part of the agreed Internal Audit Plan in to the arrangements for Treasury Management. The report has been issued and concluded that “The treasury management function at the CPCA is operating effectively and efficiently, however, we identified a few areas that could be improved such as updating the authorisation matrix, the introduction of process documentation and the documentation and approval of investment decisions which would serve to enhance the audit trail and ensure clarity of accountability”. It was concluded that we could place reasonable assurance on the system and processes.

Rating	Area For Attention	Agreed Proposed Action
Medium	3. The Head of Finance, CPCA should be satisfied that PCC document all investment concerns and that the CPCA responsibility of continuing with a loan be clearly evidenced for the purpose of establishing an audit trail.	Agreed. This recommendation has also been discussed and agreed with PCC.
Medium	4. The Head of Finance, CPCA should be satisfied that PCC notify the CPCA of all investment deals for approval before they are actioned.	Agreed. This recommendation has also been discussed and agreed with PCC.
Medium	5. The Head of Finance, CPCA should ensure that the SLA is updated to note that the responsibility and accountability for investment decisions remains with the CPCA	The SLA states that PCC will provide CPCA’s treasury management function in accordance with the Treasury Management Strategy. The Treasury Management Strategy states that “The Combined Authority recognises the responsibility for treasury management decisions remains with the Combined Authority at all times”

Medium	7. The Head of Finance, CPCA should ensure that all discussions and decisions taken at the monthly meeting are minuted to ensure accountability and transparency. Both the CPCA and PCC should keep copies of the minutes for audit trail purposes.	This recommendation has now been implemented.
Medium	8. The Head of Finance, CPCA should be satisfied that PCC Treasury Management processes are suitable for CPCA purposes. This should include: <ul style="list-style-type: none"> • up-to-date process and policy documentation • up-to-date authorisation's matrix to reflect limits and authority levels • suitable segregation of duties 	Agreed. This recommendation has also been discussed and agreed with PCC.

In 2018/19, Internal Audit undertook a review of the Business Board's governance arrangements. The findings of the audit give reasonable assurance on the effectiveness of the governance arrangements that has been established within the Assurance Framework. The Specific areas for attention with 'High' and 'Medium' ratings and the action plan to address the issues raised by the review are as follows:

Rating	Area For Attention	Agreed Proposed Action
Medium	Publication of Financial Data The CPCA should increase the level of information provided on its website, with particular reference to financial data as outlined in the national framework.	In addition to publishing the quarterly return to BEIS on growth fund projects, spend and performance, the quarterly returns will be published separately on the Business Board section on the website under "projects" to increase transparency.
Medium	Arrangements to ensure Value for Money On completion of each project, an overall report should be produced providing an evaluation as to how it has met (or not as the case might be) the original objectives, the outputs and outcomes. An	A report will be submitted to the November meeting of the Business Board setting out the arrangements for ensuring value for money.

	assessment of value for money should be included.	
Medium	The CPCA as the Accountable Body, should produce an annual report which sets out details of all its projects / schemes currently in delivery stage and an assessment as to whether they are providing value for money. Where schemes are seen to be failing then the Board should take appropriate decisions.	This will be done for ALL projects whether Business Board and Growth Fund funded or other CPCA projects. We already do this for the BEIS return. We will publish this in the Business Board element of the website.
Medium	<p>Project Delivery</p> <p>Details on the website should be regularly refreshed as additional projects are approved and funding allocated.</p>	<p>All current projects are now available on the website and will be updated as new projects are agreed, processed and accepted by the recipient.</p> <p>No further action required</p>
Medium	<p>Engagement</p> <p>The CPCA should determine how it will demonstrate effective consultation for each area of activity. This could include, but not limited to, the number of bidders received for funding compared with those successful etc.</p>	The review of engagement for the CPIER and LIS has been drafted and will go up on the Business Board website that covers the past year. Next year a review of engagement will be part of the Annual Delivery Plan (May 2020).
Medium	<p>Board Remuneration</p> <p>There should be an annual declaration of all payments made to Board members and this should be published on the website.</p>	When an allowance and expenses scheme is approved, it will be published on the Business Board website.
Medium	<p>Government Branding</p> <p>Details in relation to specific branding requirements should be included on the website.</p>	Website has been reviewed. Create guidance for our organisations so that social media, signage etc. expectations are clear for every Government funded project

High	Recovery of Funding In order to meet the Framework requirements to protect public funds, the CPCA should establish appropriate processes for the recovery of any funding deemed to have not met agreed standards or misused	Review funding agreements to make it clearer what our recovery action will be.
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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 the year and we are committed to making continued improvements during the course of the next year.



AUDIT AND GOVERNANCE COMMITTEE	AGENDA ITEM:
31st MAY 2019	PUBLIC REPORT

1.0 PURPOSE

- 1.1. The report asks the Audit and Governance Committee to note a report on the revised single Assurance Framework following the Ministry of Housing, Communities & Local Government's revised National Local Growth Assurance Framework for Mayoral Combined Authorities with a Single Pot and Local Enterprise Partnerships.

<u>DECISION REQUIRED</u>	
Lead Officer:	Kim Sawyer – Interim Chief Executive
That the Committee: a) Notes the contents of the report and the single Assurance Framework for both the Business Board and the Cambridgeshire and Peterborough Combined Authority (Appendix 1).	

2.0 BACKGROUND

- 2.1. In July 2014, the Government negotiated a Growth Deal with all 39 Local Enterprise Partnerships (LEPs), which awarded a significant proportion of the £12 billion Local Growth Fund to LEPs.
- 2.2. Government produced a National Assurance Framework to ensure that every Local Enterprise Partnership had in place the necessary systems and processes to manage the delegated funding from Central Government budgets effectively.
- 2.3. Each LEP then created a Local Assurance Framework which documented practices and standards which are necessary to provide Government and local partners with assurance that decisions over funding are proper, transparent, and deliver value for money.

- 2.4. Each LEP is required to review, refresh and sign off its Local Assurance Framework as the requirements set out in this Framework will be incorporated as a condition of funding in future Growth Deal grant offer letters.
- 2.5. LEPs must submit a letter from their relevant Section 73 Officer to MHCLG's Accounting Officer by 28 February each year, certifying that the LEPs Local Assurance Framework has been agreed, is being implemented and meets the revised standards set out in the National Assurance Framework.
- 2.6. The Greater Cambridge Greater Peterborough (GCGP) LEP's Assurance Framework was signed off as compliant by its old Accountable Body, Cambridgeshire County Council on the 28 February 2018.
- 2.7. To ensure that the Business Board was fully compliant with Government requirements, the Business Board on 24 September 2018 approved an interim Assurance Framework based on the previous GCGP LEP's agreed framework as the Government was due to publish revised guidance for Mayoral Authorities with a local enterprise partnership.
- 2.8. The Ministry of Housing, Communities & Local Government published revised Assurance Framework guidelines for Mayoral Combined Authorities in January 2019.
- 2.9. A single Assurance Framework for both the Business Board and the Cambridgeshire and Peterborough Combined Authority has been developed in line with the revised Government guidance. Previously both entities had separate Assurance Frameworks. The single Assurance Framework is attached at Appendix 1 and was initially approved at the March meetings of the Business Board and Combined Authority, with further updates being reported to the respective Boards in May.
- 2.10. By creating a single Assurance Framework, we will have 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 our governance and compliance processes, and a singular approach to the recommendation and decision-making processes of both Boards.
- 2.11. The new Assurance Framework meets the criteria set out in the revised guidance.

3.0 FINANCIAL IMPLICATIONS

- 3.1. There are no significant financial implications to this report.

4.0 LEGAL IMPLICATIONS

- 4.1 There are no direct legal implications arising from this report.

5.0 APPENDICES

5.1. Appendix 1 – Assurance Framework

<u>Source Documents</u>	<u>Location</u>
List background papers: Business Board Assurance Framework - Business Board Meeting 25 th March 2019	List location of background papers: http://cambridgeshirepeterborough-ca.gov.uk/meetings/business-board-meeting-25th-march-2019/?date=2019-03-25



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY



THE BUSINESS BOARD

Cambridgeshire and Peterborough Combined Authority Assurance Framework

March 2019

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1. Purpose of the Assurance Framework

1.1 Purpose

1.1.1. 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. This culture is developed and underpinned by processes, practices and procedures.
- (b) The respective roles and responsibilities of the Combined Authority, the Local Enterprise Partnership and the Section 73 Officer, in decision-making and ways of working is set out in the terms of reference of the Business Board and forms part of the Combined Authority and the Local Enterprise Partnership constitutions.
- (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.

1.1.2. The Assurance Framework sits alongside a number of other Cambridgeshire and Peterborough Combined Authority documents including:

- the Constitution of the Mayoral Combined Authority;
<http://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/Final-Constitution-Sept18.pdf>
- the Constitution of the Business Board (Local Enterprise Partnership);
<http://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/Business-Board-Constitution-24-09-18-final.pdf>
- Cambridgeshire and Peterborough Devolution Deal
<http://cambridgeshirepeterborough-ca.gov.uk/home/devolution/>
- the Cambridgeshire and Peterborough Independent Economic Review (CPIER); www.cpier.org.uk
- the Mayor's growth ambition statement;
<http://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/GROWTH-AMBITION-STATEMENT-.pdf>
- the Cambridgeshire and Peterborough Business Plan 2019-2020;
<http://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/CPCA-Business-Plan-2019-20-dps.pdf>

- the Monitoring and Evaluation Framework;
<http://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/ME-Framework-Mar-2019.pdf>
- the Combined Authority Medium-Term Financial Plan 2019-2023.
<http://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/2019-20-Budget-and-Medium-Term-Financial-Plan-2019-2023-FINAL.pdf>

1.1.3. All these documents can be found on the Combined Authority and Business Board websites under

<http://cambridgeshirepeterborough-ca.gov.uk/about-us>

<http://cambridgeshirepeterborough-ca.gov.uk/business-board/governance/>

- 1.1.4. This Assurance Framework replaces the last published Assurance Framework and takes on board the national guidance published by the Ministry of Housing, Communities and Local Government for National Local Growth Assurance Framework (January 2019).
- 1.1.5. The Assurance Framework covers all funds within the Cambridgeshire and Peterborough Medium Term Financial Plan, incorporating the Single Pot under the Cambridgeshire and Peterborough Devolution Deal agreed with government, and funds added to the Single Pot since the Devolution Deal, together with other sources of income such as Enterprise Zone business rates and loan repayments.
- 1.1.6. The Assurance Framework will be reviewed on an annual basis with any revisions in place for April of the following year. Any agreed changes that require amendments to the Combined Authority Constitution will be agreed at the Combined Authority AGM in May each year. The next annual review of this document will take place in December 2019.
- 1.1.7. The review will examine whether the assurance processes are operating effectively and identify any areas of improvement. Any changes to legal, funding, or other contextual changes that might require a change of assurance process will be taken into account, along with the impact on any other Combined Authority key strategies, policies or processes.
- 1.1.8. The remainder of this document is structured around the following sections:
- **Section 2** describes the Cambridgeshire and Peterborough CPIER and the Mayor's growth ambition statement, our One Year Business Plan 2019-2020 and clarifies the content of Cambridgeshire and Peterborough Medium Term Financial Plan and the role of the Assurance Framework.
 - **Section 3** describes the accountability and transparent decision-making processes and practices that we operate and the roles and responsibilities within it.
 - **Section 4** describes the supporting policies and procedures.
 - **Section 5** describes how we make robust and evidenced decisions.
 - **Section 6** explains the processes once programmes and projects are in the delivery phase.
 - **Section 7** explains how we will measure the success of our investments, realise the benefits of that investment and feed the evaluation outcomes

back into the investment planning, and strategy and policy development processes.

2. Cambridgeshire and Peterborough Independent Economic Review, Mayor's Growth Ambition Statement and Business Plan 2019-2020

2.1 Cambridgeshire and Peterborough Growth Ambition Statement and Local Industrial Strategy

- 2.1.1. 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).
- 2.1.2. The 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.
- 2.1.3. The Local Industrial Strategy 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:



- 2.1.4. 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
- 2.1.5. 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

2.1.6. 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).

2.2 Cambridgeshire and Peterborough Business Plan 2019-2020

2.2.1. With the creation of the Combined Authority in 2017 and the Mayoral election in May 2017, the Devolution Deal with Government provides for the transfer of significant powers for transport, housing, skills and investment. Through the deal, the Combined Authority has the power to create investment, bringing together funding for devolved powers to be used to deliver a 30-year programme of transformational investment in the region. This includes the control of a new £20m a year funding allocation over 30 years. The initial Cambridgeshire and Peterborough Combined Authority Business Plan was agreed in March 2018 and set out the investment priorities for the period to 2020.

2.2.2. The Combined Authority has been developing its detailed strategies for key areas of activity including:

- Housing Strategy
- Local Industrial Strategy
- Local Transport Plan
- Non-statutory spatial plan

2.2.3. The Combined Authority has 12 priority programmes based upon the CPIER objectives and the strategies highlighted above. These 12 priority programmes are reflected in the Business Plan. On 30th January 2019 the Cambridgeshire and Peterborough Combined Authority Board approved a four-year Medium-Term Financial Plan that forms the investment plan for the Combined Authority. This allocates resources to deliver the next stages of these priority programmes.

2.2.4. 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.

- 2.2.5. The Combined Authority has a Programme Management regime that reviews the status and performance of projects within the Business Plan. This is reported to the Directors once a month, and to the Cambridgeshire and Peterborough Combined Authority Board quarterly.

2.3 Cambridgeshire and Peterborough Financial Strategy

- 2.3.1. As part of the devolution deal, the Combined Authority has responsibility for a 'Single Pot' of funding, including:
- Gainshare (the devolution deal £20m pa for 30 years).
 - Housing Capital Grant (£170m over five years).
 - Local Growth Fund (LGF).
 - Transforming Cities Fund (TCF) (£94.5m over six years).
 - Adult Education Budget (AEB).
- 2.3.2. However, the Combined Authority also has other sources of income, including Enterprise Zone business rates and investment income. The long-term security of the gainshare funds and other income and the devolution deal powers for the Combined Authority means that it is able to borrow against future funds, to enable us to deliver transformational activity sooner rather than delivering smaller scale and less impactful activities based on a smaller annual allocation. This area of activity is incorporated into a Treasury Management Strategy that is overseen by Audit and Governance Committee. Borrowing is not factored into the current four-year plan, but this may change as the feasibility work identified firms up project delivery programmes.
- 2.3.3. The Combined Authority does not distinguish between the different sources of funding for the purpose of investment planning, other than recognising that some sources of funding are restricted in what they can be used for. All funds are within the Cambridgeshire and Peterborough Medium Term Financial Plan not just the funds provided through the devolution deal and are covered within this Assurance Framework.
- 2.3.4. The Combined Authority recognises that the monitoring requirements for different sources of funding will differ and needs to meet the requirements of the funding body. However, the Combined Authority applies the Assurance Framework consistently across all funds within the Plan. The Assurance Framework clearly identifies the processes for securing funds for investment in Cambridgeshire and Peterborough and the requirements placed on delivery partners once their projects have been approved.
- 2.3.5. This means that any organisation seeking funding from the Combined Authority does not need to concern itself with the source of the funding and different rules and processes that will apply. These will be identified in the funding agreement/contract with the delivery partner.

3. Accountability and Transparent Decision Making

3.1 Roles and Responsibilities

- 3.1.1. Members of the Combined Authority are expected to act in the interests of the Cambridgeshire and Peterborough area, as a whole, when making investment decisions. A variety of controls are in place to ensure that decisions are appropriate and free from bias or perception of bias. Further details are provided in the following sections.

3.2 Cambridgeshire and Peterborough Combined Authority

- 3.2.1. The Combined Authority was established to further the sustainable and inclusive growth of the economy of Cambridgeshire and Peterborough. As a statutory local authority our governance, decision-making and financial arrangements are in line with local authority requirements and standard checks and balances.
- 3.2.2. The Combined Authority was established in 2017 with the Mayoral election held in May 2017.
- 3.2.3. For the purposes of this document all references to the Combined Authority apply to the Cambridgeshire and Peterborough Local Enterprise Partnership (known as the Business Board) unless explicitly referred to separately.
- 3.2.4. The Combined Authority therefore incorporates the role and responsibilities of the Business Board and the roles defined in the devolution deal and the administration of the Adult Education Budget.
- 3.2.5. The Combined Authority is its own accountable **body for funding received from Government through the devolution deal and provides the accountable body role for the Business Board and the Greater South East Local Energy Hub and employs the officers that support them.**

Combined Authority Membership

- 3.2.6. The Combined Authority membership is as follows:

Mayor (Chair) - voting

Leaders of the seven constituent local authorities:

- Cambridge City Council - voting
- Cambridgeshire County Council - voting
- East Cambridgeshire District Council - voting
- Fenland District Council - voting
- Huntingdonshire District Council - voting
- Peterborough City Council - voting
- South Cambridgeshire District Council - voting
- Local Enterprise Partnership Chair - voting
- The Police and Crime Commissioner for Cambridgeshire - non-voting
- Cambridgeshire and Peterborough Fire Authority representative - non-voting
- Clinical Commissioning Group representative - non-voting

Role of the Mayor

- 3.2.7. The Constitution provides for a directly elected Mayor of Cambridgeshire and Peterborough, required by government as a precondition for meaningful devolution, and who is the chair of the Combined Authority. The Mayoral arrangements will only gain the confidence of the electorate if they secure support from across our diverse communities, meet the highest standards of democratic accountability and are subject to robust checks and balances.
- 3.2.8. The Mayor chairs the Combined Authority Board which is made up of the leaders of the seven constituent authorities and the Chair of the Business Board, who together form the Combined Authority's decision-making body (voting members of Board), together with other non-voting partners set out above.
- 3.2.9. The Constitution sets out arrangements to ensure the effective conduct of the Combined Authority's business in this spirit of collaboration, mutual respect and transparency. All members strive to work on the basis of consensus, taking decisions through agreement.
- 3.2.10. The Mayor's term of office is for four years with the next election in May 2021.

Role of the Local Authority Leaders

- 3.2.11. Leadership of the Combined Authority is driven by the Mayor and the local authority leaders. The local authority leaders represent the views of their constituent authorities at the Combined Authority Board whilst putting the needs and opportunities of Cambridgeshire and Peterborough at the forefront of all decisions. In addition, they may take a portfolio lead covering the growth themes within the CPIER and the Mayor's growth ambition statement and the Cambridgeshire and Peterborough Investment Plan. These portfolio lead roles are reviewed annually and are confirmed at the Combined Authority AGM.

3.3 Business Board (LEP)

- 3.3.1. Local Enterprise Partnerships (LEPs) are private sector led voluntary partnerships between local authorities and businesses set up in 2010 by the Department of Business Innovation and Skills to help determine local economic priorities and lead economic growth and job creation within the local area.
- 3.3.2. The Business Board is a non-statutory body which is the Local Enterprise Partnership for this area. It is independent of the Cambridgeshire & Peterborough Combined Authority (CPCA) operating as a private-public sector partnership, focusing on the key business sectors to provide strategic leadership and drive growth in the Cambridgeshire and Peterborough and wider Local Enterprise area.
- 3.3.3. The Business Board is committed to transparent and accountable decision-making processes. By bringing together the Business Board and the Combined Authority we combine the best of private sector expertise and public sector knowledge, transparency and accountability.
- 3.3.4. Cambridgeshire and Peterborough has three functioning economic areas. The Business Board was established on 1st April 2018, taking over from the former Greater Cambridge Greater Peterborough Local Enterprise Partnership, to drive forward economic growth across its local area. The Business Board is now responsible for all former Local Enterprise Partnership projects and programmes.

3.3.5. The Business Board currently covers 15 local authorities; however, the current geographical area is under review. The Department for Business Enterprise and Industry are considering proposals for a coterminous boundary with the Cambridgeshire and Peterborough Combined Authority. The authorities that are current members are as below:

District	Areas	Council
Cambridgeshire		Cambridgeshire County Council
Cambridge		Cambridge City Council
East Cambridgeshire	Ely, Littleport and Soham	East Cambs District Council
Fenland	Wisbech, March, Whittlesey & Chatteris	Fenland District Council
Huntingdonshire	Huntingdon, St Ives & St Neots	Huntingdonshire District Council
South Cambridgeshire	Cambourne	South Cambs District Council
Peterborough		Peterborough City Council
North Hertfordshire	Royston	North Hertfordshire District Council
South Kesteven (Lincs)	Grantham, Stamford, Bourne and Market Deeping	South Kesteven District Council
Rutland	Oakham	Rutland County Council
West Suffolk	Bury St Edmunds, Haverhill, Newmarket and Mildenhall	West Suffolk Council
St Edmundsbury (W-Suffolk)	Bury St Edmunds and Haverhill	St Edmundsbury Borough Council
Forest Heath (W-Suffolk)	Newmarket & Mildenhall	Forest Heath District Council
Uttlesford (Essex)	Saffron Walden, Great Dunmow, Stansted, Mountfitchet and Thaxted	Uttlesford District Council
West Norfolk & King's Lynn	King's Lynn, Downham Market and Hunstanton	BC of King's Lynn and West Norfolk
South Holland (Lincs)	Spalding, Crowland, Donington, Holbeach, Long Sutton and Sutton Bridge	South Holland District Council

- 3.3.6. The Business Board's current area is set out below. The red line denotes the area covered by the Cambridgeshire and Peterborough Combined Authority:



- 3.3.7. The Business Board is the principal forum for collaboration between the public and private sectors, for improving the economy of Cambridgeshire and Peterborough. In 2014, the Government announced the first wave of Growth Deals, making investment via its Local Growth Fund. To date, the Business Board (via the former Local Enterprise Partnership) has been awarded £146m via three rounds of Growth Deal funding allocations.
- 3.3.8. In April 2016, the Government reviewed Growth Deal Assurance Frameworks in the context of new Devolution Deals and issued Single Pot Assurance Framework Guidance for devolved areas. In July 2016, Cambridgeshire and Peterborough secured a Devolution Deal and began work to set up a new Combined Authority. Therefore, this new Guidance came into effect for the Business Board area from that date. In November 2016, the Government issued revised national guidance for Local Enterprise Partnership Assurance Frameworks. The Cambridgeshire and Peterborough Combined Authority was formally established on 2 March 2017.
- 3.3.9. The Cambridgeshire and Peterborough Combined Authority acts as the Business Board's Accountable Body to undertake the public funding accountability responsibilities for administering funds and must also review and approve this Framework.
- 3.3.10. The Business Board provides leadership in the arena of economic growth across its area. Comprising business leaders from key industry sectors, it provides expert knowledge and insight into economic growth-related activities in its area and is leading the development of the Industrial Strategy.

- 3.3.11. The Business Board is building on the strength of its existing partnership with neighbouring Local Enterprise Partner's by collaborating on common issues and is currently leading on multi Local Enterprise Partnership programmes on Energy and Agri-Tech. It will continue to work collaboratively across the wider region and also envisages working more closely with other Local Enterprise Partners that are outside the current Local Enterprise Partnership area potentially through new collaborations and funding agreements.
- 3.3.12. The Business Board comprises a blend of industry leading experts from the private sector, alongside representatives from the public sector and education communities. It is chaired by a private sector representative and brings together some of the brightest entrepreneurial minds in our area.
- 3.3.13. The Chair and Vice Chair of the Business Board are private sector representatives. The Chair will lead on building the reputation and influence of the area at a national and international level and chairs Business Board meetings. The Chair is also a voting member of the Cambridgeshire and Peterborough Combined Authority Board. The Vice Chair will be available to deputise for the Chair as required.
- 3.3.14. The Business Board has a designated a small business (SME) representative, who will lead the engagement with small businesses across the area and represents their views at Board level. Given the makeup of the local business community, this is a vital role on the Board.
- 3.3.15. All of the Board Members operate in an open and transparent manner and conduct themselves in accordance with 'The Seven Principles of Public Life' otherwise known as the Nolan Principles, and the Business Board's Code of Conduct.
- 3.3.16. The Business Board is committed to diversity and has a Diversity Statement in place to help guide Board appointment decisions.
- 3.3.17. The Business Board's Executive Team is provided via the Cambridgeshire and Peterborough Combined Authority officer structure, who operate as a single team for the Combined Authority and the Business Board. This includes an experienced Chief Executive, S73 Officer, Monitoring Officer, Directors, Programmes Managers, Assurance Manager and others to ensure that the organisation is run in a proactive, impact driven and fully compliant manner.
- 3.3.18. The other public and private sector members of the Local Enterprise Partnership support the Combined Authority's work by:
- Supporting and offering advice to the Combined Authority on their responsibilities.
 - Championing and promoting specific initiatives from the perspective of business.
 - Influencing the development of the Combined Authority's strategies and policies, including as lead organisation for the development of the Local Industrial Strategy at the invitation of the Combined Authority.

- Representing the Cambridgeshire and Peterborough nationally and internationally.
- Ensuring a strong business influence over decision-making.
- Supporting the development and delivery of the CPIER and the Mayor's growth ambition statement.

3.3.19. Cambridgeshire and Peterborough is an active member of the national Local Enterprise Partnership Network and will continue to be so. This includes participation in both Local Enterprise Partnership Chair and officer level meetings.

3.3.20. **Enterprise Zones:** The Business Board retains strategic oversight and governance of the Enterprise Zones, and delegates programme delivery to the Enterprise Zone Steering Group for both Alconbury Weald and Cambridge Compass Enterprise Zones. These Steering Groups drive forward the regeneration and economic growth opportunities of Enterprise Zone sites and will be co-chaired by a Business Board member, together with elected representatives from each Local Authority (as nominated by the Districts) and local BEIS Government representatives. The Steering Groups are responsible for reporting to both the Business Board and Combined Authority Board as the accountable body.

3.3.20 The Enterprise Zone Steering Group is supported by individual Enterprise Zone Project Boards for each site, set-up at officer level and responsible for delivering the programmes and projects associated with the regeneration and development of each Enterprise Zone site. These Boards comprise of Combined Authority officers, Local Authority representatives and key stakeholders. Each is responsible for delivering the programmes and projects associated with the regeneration and development of the Enterprise Zone site.

3.3.21 **The Eastern Agri-Tech Growth Initiative & Agri-Tech Programme Board:** The Eastern Agri-Tech Growth Initiative is overseen by the Eastern Agri-Tech Programme Board. Membership of the Programme Board includes experts with experience and knowledge of agriculture and the food industry, including research, farming and food processing.

3.3.22 The Programme Board's main task is to consider and make decisions on applications for grant support. All applications are initially appraised by external independent assessors and follow the process that was previously agreed. Copies of the Eastern Agri-Tech Growth Initiative Guidance Notes and Pre-Qualification Questionnaire (the simple eligibility form) can be found on the CA/Business Board website using the following link:

<http://cambridgeshirepeterborough-ca.gov.uk/business-board/eastern-agri-tech-growth-initiative/>

The Eastern Agri-Tech Growth Initiative has its own monitoring and evaluation arrangements but these do link to the CA monitoring and evaluation framework.

3.3.23 Agri-Tech is one of our strategic growth sectors identified by the CPIER; our ambition is to use the Local Industrial Strategy to step up our programme to ensure we are the "go to" UK centre for Agri-Tech. Agri-Tech also features within our Skills Strategy.

3.3.24 It was recommended by the Business Board and agreed by the CA Board at their respective meetings in November 2018 that the Eastern Agri-Tech Programme Board should continue to take decisions about applications for grant funding on behalf of both the CA and NALEP (both organisations are represented on the Programme Board); that the Programme Board became a sub-Board of the Business Board and that a member of the Business Board (nominated by the Business Board) became the Chair of the Programme Board. This would strengthen existing governance arrangements and provide continuity between the two Boards. The agenda and decisions of the Programme Board would be published on the Combined Authority/Business Board web site (with names of individuals redacted). This will ensure that the operation of the Agri-Tech programme is consistent with the Assurance Framework for the Business Board and Combined Authority. The CPCA is the Accountable Body for the Eastern Agri-Tech Growth Initiative.

The Programme Board's Secretariat is provided by the Cambridgeshire and Peterborough Combined Authority's Agri-Tech Project Officer, who is a very experienced programme manager and ensures that the Programme Board operates effectively, that its decisions are sound and that the Eastern Agri-Tech Growth Initiative is successful and delivers meaningful outcomes.

3.3.25 The Terms of Reference (TOR) for the Eastern Agri-Tech Programme Board have been agreed and appear on the Combined Authority/Business Board web site. The TOR can be seen CA/Business Board website using the following link:

3.3.26 The Greater South East Energy Hub & Energy Hub Board: The Energy Hub is funded by the Department for Business, Energy & Industrial Strategy (BEIS) and overseen by the Hub Board. Membership of the Hub Board includes an officer representative from each of the eleven Local Enterprise Partnerships served by the Hub.

3.3.27 The Hub Board is the strategic body responsible for taking decisions on Energy Hub business and programme activity. The Hub Board's main task is to approve the allocation and leverage of funds for the Local Energy Capacity Support Programme. The Hub Board are responsible for oversight of the Rural Community Energy Fund (RCEF) Funding Panel, a Hub Board subordinate body that makes decisions on grant applications. All applications are initially appraised by external independent assessors and follow the process agreed with BEIS. Copies of the RCEF guidance notes and Expression of Interest form can be found on the RCEF website using the following link:

<http://cambridgeshirepeterborough-ca.gov.uk/business-board/energy-hub/>

The Energy Hub has its own project assessment frameworks, monitoring and evaluation arrangements but these do link to the Combined Authority monitoring and evaluation framework.

3.3.28 Clean growth is one of the Grand Challenges in the Industrial Strategy. The transition to local low carbon energy is set out in the Local Energy East Strategy and the CPIER recognises the need for a roadmap to decentralised smart energy systems.

- 3.3.29 The Business Board and the Cambridgeshire and Peterborough Combined Authority Board have agreed that the Combined Authority would be the Accountable Body for the Energy Hub and that the Energy Hub would assume the RCEF management role and administer the Fund. They also agreed the Hub Board terms of reference recognising it as a decision-making body for the Hub.**
- 3.3.30 The agenda and decisions of the Hub Board will be published on the Combined Authority/Hub Board web site (with names of individuals redacted). This will ensure that the operation of the Energy Hub is consistent with the Assurance Framework for the Business Board and Combined Authority. The Cambridgeshire and Peterborough Combined Authority Board is the Accountable Body for the Energy Hub Initiative.**
- 3.3.31 The Programme Board’s Secretariat is provided by the Cambridgeshire and Peterborough Combined Authority’s Regional Energy Hub Manager, who ensures that the Hub Board operates effectively, that its decisions are sound and that the Greater South East Energy Hub is successful and delivers meaningful outcomes.**
- 3.3.32 The Terms of Reference (TOR) for the Hub Board have been agreed and appear on the Combined Authority/Energy Hub web site. The TOR can be seen Combined Authority/Energy Hub website using the following link:**
- <http://cambridgeshirepeterborough-ca.gov.uk/business-board/energy-hub/>**

Membership of the Business Board

- 3.3.33 The Business Board has been reviewing its membership in response to the national Local Enterprise Partnership review (Mary Nay, 2017) and government’s response “Strengthened Local Enterprise Partnerships” (July 2018). The current membership (September 2018) comprises of nine members, which includes two public sector members and up to seven business representatives as follows:**
- The Mayor and the Portfolio for Economic Growth of the Cambridgeshire and Peterborough Combined Authority shall be non-voting members of the Business Board by virtue of their office. Thus ensuring close working relationship between the Combined Authority and the Business Board.
 - Seven private sector members appointed from amongst the key sectors across the Cambridgeshire and Peterborough area.
 - One of the seven private sector members is appointed specifically to represent the interests of the Small and Medium Sized Enterprises (SME) sector, one member represents the education sector and one member is appointed as an international business representative.
- 3.3.34 The Business Board membership meets the requirements for two thirds of the members to be private sector representatives and does not exceed the maximum of 20 members.¹**
- 3.3.35 Whilst all appointments to the Business Board have been made on merit, in**

¹ Strengthening Local Enterprise Partnerships, MHC&LG, July 2018

accordance with Government requirements the Business Board will aim to improve the gender balance and representation of those with protected characteristics on its board with the following aims:

- That women make up at least one third of Business Board by 2020.
- With an expectation for equal representation by 2023.
- Ensure its Board is representative of the businesses and communities they serve.²

3.3.36 The Business Board will regularly review its agenda balance on the Business Board and any committees.

3.3.37 The Business Board Constitution sets out its role, the principles of membership and the terms of office.

- The term of office for **private sector representatives** will normally be a maximum of three years, and subject to a maximum of one consecutive term.
- The term of office of **public sector** members appointed by the Combined Authority is at their discretion; the Mayor is a member by virtue of his office.

3.3.38 The Business Board may appoint **up to five** co-opted members as necessary to complement the skills and expertise on the Board or to meet gender balance and protected characteristic requirements. Membership may not exceed 20 members **and up to five co-opted members**.

3.3.39 Private sector members all have expertise and knowledge of our key sectors. These details together with their biographies are published on the Business Board website. This will include a designated SME representative.

Chair and Vice-Chair of Business Board

3.3.40 The Constitution requires that the Chair and Vice-Chair must be the private sector representatives of the Board.

3.3.41 The terms of office of the Chair will be for two (2) years with one consecutive term permitted upon unanimous vote of the Board members present and voting.

3.3.42 The Chair is a voting member of the Cambridgeshire and Peterborough Combined Authority Board.

3.3.43 “Strengthened Local Enterprise Partnerships” stipulated a maximum membership of 20 members with 2/3rds from the private sector and to aim to have a 50/50 gender balance by 2023. The Business Board aims to have a 50/50 gender balance by 2020 through the advertisement and appointment of new private sector members to sit on the Board and the appointment of co-opted membership. A recruitment campaign will be undertaken in 2019 for three new members to ensure gender balance and to ensure all members’ term of office does not end at the same time thus ensuring succession planning.

3.3.44 Following the revised Assurance Framework Guidance (January 2019), Higher

² Strengthening Local Enterprise Partnerships, MHC&LG, July 2018

Education and Further Education will represent the private sector on the Local Enterprise Partnership.

- 3.3.45 The Business Board Constitution states that private sector members including the Chair shall be appointed following an open, transparent and non-discriminatory recruitment process which assesses each candidate on merit carried out in accordance with its diversity statement, Government Guidance and the Nolan Principles. This will include a public advertisement and an interview process conducted by the Business Board's appointments panel. The Business Board will consult widely and transparently with the business community before appointing a new Chair. When vacancies become available for private sector Local Enterprise Partnership members, they will be advertised on the Combined Authority website. In addition, social media will be used to raise awareness of the opportunities, particularly among under-represented groups. A recruitment panel (including the Cambridgeshire and Peterborough Mayor and Local Enterprise Partnership Chair) assesses applications received and makes a recommendation to the Combined Authority Board for approval of appointments.
- 3.3.46 All Local Enterprise Partnership members (public and private) are expected to conduct themselves in accordance with the seven principles of public life. This is set out under the Code of Conduct detailed in the Combined Authority Constitution and provided to all new Local Enterprise Partnership members in their induction information. All members sign up to the code of conduct and the Nolan principles. **As stated in its constitution, all Business Board and sub-committee and sub-group members will make decisions on merit having taken into account all the relevant information available at the time.**
- 3.3.47 New members receive an initial induction and this is being enhanced during 2019.

Wider Business and Public Engagement

- 3.3.48 The Combined Authority and Business Board recognise that the private sector members cannot represent the views of all business in the Cambridgeshire and Peterborough area. Therefore, a variety of engagement mechanisms are utilised to ensure that the broader business community has the ability to influence strategy and policy development, our investment priorities and to be actively engaged in the delivery of some of our activities, particularly around supporting careers development with schools. This includes, through the business networks and groupings that officers of the executive engage with, as a part of their activity, as well as specific engagement sessions – such as business roundtables to inform strategy and policy development.
- 3.3.49 Strategy and policy documents are developed through engagement with partners and key stakeholders and are subject to consultation. Each consultation will vary depending on the topic but will meet any statutory requirements. However, drafts are formally considered in public at the Combined Authority Board with papers published in advance of the meeting.
- 3.3.50 **Evidence of effective public engagement includes the work on the CPIER and Local Industrial Strategy referred to in section 2. A review of engagement activity and impact will be undertaken annually as part of the annual delivery plan from 2020. The annual delivery plan will be published on the website**

Secretariat Arrangements

- 3.3.51 In accordance with Government requirement to have an independent secretariat to support the Chair and Board, the Director of Business and Skills is the chief officer appointed to support the Business Board. The Director is supported by a S73 Chief Finance Officer and Monitoring Officer appointed separately to those officers who support the Combined Authority Board.

Local Area Agreement

- 3.3.52 In accordance with Government requirements for mayoral areas there is a requirement for a Local Agreement between the Business Board and the Cambridgeshire and Peterborough Combined Authority and the Accountable Body setting out the responsibilities of the Chair, Board and Accountable Body. The Accountable Body agreement is **embedded in the Business Board's terms of reference and constitution**.

3.4 Decision Making for the Cambridgeshire and Peterborough Investment

- 3.4.1. Cambridgeshire and Peterborough Combined Authority is its own Accountable Body for all funds received by Government and is the Accountable Body for the Business Board.
- 3.4.2. The Cambridgeshire and Peterborough Combined Authority and the Business Board Constitution sets out the basis of how decisions will be taken within our Combined Authority, in keeping with principles of democracy and transparency and with effective and efficient decision-making. The Constitution takes on board the changes relating to the Business Board, as a result of the national Local Enterprise Partnership review.
- 3.4.3. In summary, the decision-making process and governance for Cambridgeshire and Peterborough as set out in the Cambridgeshire and Peterborough Business Plan is as follows:
- 3.4.4. **Investment decisions using public funds will be made with reference to statutory requirements, conditions of the funding, local transport objectives and through formal LEP involvement. The Monitoring Officer and S73 review all proposed funding decision and their comments are included in all public or delegated power reports.**

CPIER and the Mayor's growth ambition statementing and Investment Planning

- 3.4.5. The Combined Authority Board provides the overall strategic direction for economic growth in Cambridgeshire and Peterborough, approving the CPIER and the Mayor's growth ambition statement and associated thematic strategies and plans.
- 3.4.6. The Combined Authority Board sets out the investment priorities for Cambridgeshire and Peterborough through the Medium-Term Financial Plan and the Business Plan. This includes named prioritised projects which are allocated against either revenue or capital funds. All projects, revenue or capital, are identified in the current year of the Business Plan and the Medium-Term Financial Plan.

Decision process for Business Board and Combined Authority Board projects

- 3.4.7. For new programmes/projects, the detailed consideration of whether the programme/project represents value for money, has realistic delivery timescales and processes, will deliver the outputs and outcomes that we require etc is undertaken through the development of a Project Initiation Document and Business Case.
- 3.4.8. A Project Initiation Document is used to identify the expected expenditure, timescales for delivery and proposed outcomes, and to enable more informed financial and output profiling in line with the Medium-Term Financial Plan. This is an internal project management document and will be prepared by the Project Manager
- 3.4.9. This document provides a first view of how, what and when the project will deliver against the Mayor's Growth Ambition Statement, the Local Industrial Strategy and the 2019/20 Business Plan. This Project Initiation Document will include detail such as:
- The identified Project Manager.
 - Project description including objectives and overview.
 - Timescales (high level).
 - Project outputs and outcomes against the CPIER and the Mayor's growth ambition statement.
 - Cost of project (high level), and initial funding required.
- 3.4.10. Project Initiation Documents are appraised and approved during the Combined Authority weekly Director meetings. Following approval, the Project Manager can then arrange for the Business Case to be developed, adapting HM Treasury's Five Case Model.
- 3.4.11. Business cases should be initially appraised and approved at the weekly Combined Authority Director Meetings. In considering the appraisal recommendations (including any conditions) on business cases the following supporting information will be provided to the Directors meeting:
- The business case.
 - The completed appraisal documents.
- 3.4.12. Once approved at the Director meetings, the Business Case will then require final approval to commence to project delivery. This may be via the monthly Combined Authority Board cycle or by Combined Authority Officers. Approval requirements are set out in the Scheme of Delegations.
- 3.4.13. In addition, projects with political sensitivities or a variation to an original Board approval are required to go to Combined Authority Board for approval, even when the Chief Executive has delegated authority to sign off.

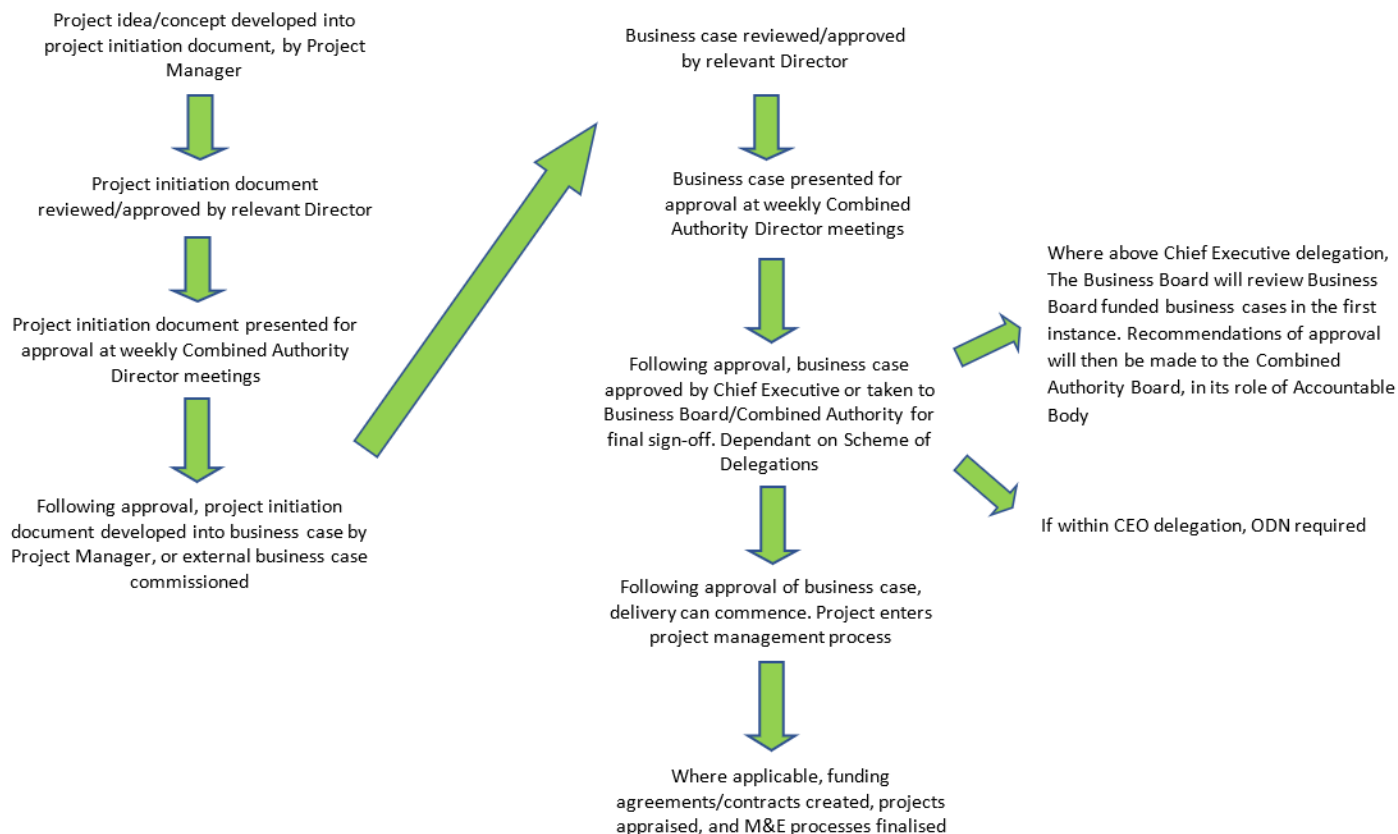
Decision process for Business Board

- 3.4.14. The Business Board will review the Business Case for Business Board funded projects and make recommendations to the Combined Authority Board, as Accountable Body, to approve the funding.

- 3.4.15. In order to ensure that the Business Board is able to progress its business in an efficient manner, the Business Board has an urgency decision making procedure which is set out in its constitution. Decisions and actions taken will be retrospectively reported to the next meeting of the Business Board
- 3.4.16. In addition to the delegations in the Combined Authority Constitution, the Business Board and Combined Authority Board has delegated limited authority to the Director of Business and Skills to approve small grants to SMEs between £2,000 and £20,000 subject to Section 73 Officer approval, and regular reporting to the Business Board;
- 3.4.17. Business cases approved at the Business Board and Combined Authority Board are published on the Combined Authority website, as part of the monthly Board papers.
- 3.4.18. Decisions within the Scheme of Delegation and taken under delegated powers are recorded through the Officer Decision Notice process, with supporting business cases available on request. The Officer Decision Notices are published on the Combined Authority website.
- 3.4.19. **All reports to the Business Board and any committees, include the application for funding, appraisal of application, legal and finance expert' view and recommendations**
- Decision process for Combined Authority Board*
- 3.4.20. The Combined Authority Board will approve the Business Cases for Combined Authority funded projects and will approve the Business Case recommended by the Business Board.
- 3.4.21. Business cases and appraisal documentation submitted to the Combined Authority Board will be published on the Combined Authority website with Board papers, subject to any exemptions applied as set out in the Transparency rules within the Constitution.
- 3.4.22. Decisions within the Scheme of Delegation and taken under delegated powers are recorded through the Officer Decision Notice process, with supporting business cases available on request. The Officer Decision Notices are published on the Combined Authority website.

3.4.23. The decision-making process and governance arrangements are illustrated in the diagram below:

Decision making process



Decision process for new programmes/projects not in the Business Plan and not within a named budget allocation

3.4.24. New opportunities or challenges will arise and programmes/projects that are not currently in the business plan will need to be considered to address them. If these new programmes/projects cannot be accommodated within the current Medium-Term Financial Plan, they will need to be considered by the Combined Authority Board for entry to the Budget and Business Plan and reflected in the six-monthly refreshment cycle for those documents.

3.4.25. The Business Plan and Medium-Term Financial Plan will be reviewed every six months, together with any prioritisation of new projects.

3.4.26. Those that are accepted into the Business Plan would then proceed to follow the Project Initiation Document through to Business Case development and be taken to the Combined Authority Board for decision.

Role of the Cambridgeshire and Peterborough Management Team

3.4.27. The Cambridgeshire and Peterborough Directors Team is made up of members of the Combined Authority's senior officers: Chief Executive and Directors. The Management Team meets weekly and has an oversight role of the work of the Combined Authority.

3.5 Decision Making for the Adult Education Budget

3.5.1. Investment decisions on the use of the Adult Education Budget will be made with full consideration to the statutory entitlements:

- English and Maths, up to and including level 2, for individuals aged 19 and over, who have not previously attained a GCSE grade A* to C or grade 4, or higher, and/or.
- First full qualification at Level 2 for individuals aged 19 to 23, and/or.
- First full qualification at level 3 for individuals aged 19 to 23.

3.5.2. The Combined Authority submitted its Strategic Skills Plan to government in May 2018 as part of the readiness conditions requirements set by the Department for Education. Further iterations have been shared with the Department for Education and form a chapter in the new Skills Strategy 2019.

3.5.3. Local and national partners have been fully engaged throughout the development phase for the processes and priorities for the funding award and during the funding award phase. This has included providing regular communications via our website, hosting three strategic events for all local and national providers, and participating in provider network meetings that met regularly during 2018. The Provider Networks comprised local Further Education and local authority providers, the Education and Skills Funding Agency, the Association of Colleges and Independent Training Providers.

3.5.4. The Combined Authority Board is the final decision-making body for funding awards. A grant commissioning process was launched on 1st December 2018 and closed in March 2019. Appraisals were carried out on the submitted delivery plans requesting funding by the Combined Authority officers. A moderation panel of internal senior managers consider recommendations and make final recommendations for approval. The Director of Business & Skills in consultation with the Portfolio Holder for Skills to approve funding awards.

3.5.5. During the funding award process a web enabled portal has included the ability for all potential providers to submit questions. These have been developed into a Q+A section on the portal so that the same information is available to all potential providers.

3.6 Statutory Committees

3.6.1. As a Mayoral Combined Authority, we are constitutionally required to have the following Committees within our Governance structures:

- **Overview & Scrutiny Committee:** Reviews decisions made, to ensure they meet the needs of the people of the Cambridgeshire and

Peterborough and are made in line with our agreed policies, making recommendations where necessary. It has the power to “call in” and delay the implementation of decisions made by Board. The membership of the Committee comprises 14 members, two nominated from each of the Constituent Authorities. Members of the Committee appointed reflect the balance of political parties for the time being prevailing among members of the Constituent Authorities collectively. It also has the power to scrutinise the Business Board.

- **Audit & Governance Committee:** Ensures we are spending public money properly and have the right systems in place to manage our finances correctly and meet our legal and regulatory responsibilities. The Committee also reviews the corporate risk register on a quarterly basis. The membership of the Committee is one member from each Constituent Authority. Members of the Committee appointed reflect the balance of political parties for the time being prevailing among members of the Constituent Authorities collectively. The Committee will also oversee the audit and governance arrangements of the Business Board.

3.6.2. The terms of reference and membership of these Committees is detailed in the Combined Authority Constitution.

3.7 Role of the Statutory Officers

3.7.1. The Combined Authority appoints four Statutory Officers who each have a formal role of discharging the duties and obligations on its behalf. The roles are detailed in the Combined Authority Constitution but briefly comprise:

- **Head of Paid Service:** The Chief Executive fulfils the role of the Head of Paid Service. The Head of Paid Service discharges the functions in relation to the Combined Authority as set out in section 4, Local Government and Housing Act 1989 and act as the principal advisor to the Business Board.
- **Section 73 Officer:** The Chief Finance Officer fulfils the role of Section 73 Officer in accordance with the Local Government Act 1985 to administer the financial affairs of the Combined Authority and Business Board. The Section 73 Officer is responsible for providing the final sign off for funding decisions. The Section 73 Officer will provide a letter of assurance to government by 28th February each year regarding the appropriate administration of government funds under the Cambridgeshire and Peterborough Investment.
- **Monitoring Officer:** The Monitoring Officer fulfils their role in accordance with the Local Government Act 1972 to administer the legal duties of the Combined Authority and Business Board.
- **Scrutiny Officer:** To promote the role of and provide support to the Overview and Scrutiny Committee.

3.7.2. In addition to these statutory roles the Combined Authority has nominated officers to ensure that we meet our obligations under the Data Protection Act 2018 and information governance. These are:

- **Senior Information Risk Officer (SIRO)** - The Monitoring Officer is the SIRO for Information Governance. The SIRO is responsible for the Strategy, acts as an advocate for good practice and is required to provide a statement of assurance as part of the Combined Authority's Annual Governance Statement.
- **Data Protection Officer** – Deputy Monitoring Officer is the Data Protection Officer responsible for providing advice and guidance on the Data Protection Act 2018.

4. Accountability and Transparent - Supporting Policies and Procedures

4.1 Working Arrangements, Meeting Frequency and Transparency

4.1.1. The Combined Authority is subject to a robust transparency and local engagement regime. The Combined Authority's Constitution includes how agendas, minutes and papers will be made available to the public and when.

4.1.2. The Combined Authority Board:

- Is subject to the Transparency Code applied to local authorities.
- Will ensure all meetings of the Combined Authority Board and other statutory committees are open to the public and appropriately accessible.
- Will make sure all meeting agendas, papers (when not exempt), and minutes are published on the Combined Authority website, within the minimum statutory timescales – an agenda will be published five clear working days before the meeting. A decision notice will be published no later than the third clear working day following the day of the decision was made and any key decisions are subject to call in. Draft minutes will be published within 12 clear working days of the meeting taking place and final minutes within two clear days of approval where changes are made.
- Will make clear the approach to making investment decisions in the Combined Authority Constitution.
- Will publish (online) all funding decisions, including funding levels through Business Board and Combined Authority agendas and minutes and through the mayoral and officer decision notice register where decisions are taken under delegated powers.
- Growth fund updates are submitted to the Business Board at each meeting. The Combined Authority has a performance management system which includes quarterly reports to the Combined Authority Board on delivery of key priority projects in the Business Plan by exception and monthly budget monitoring updates.
- As the accountable body for the Business Board funding the Combined Authority Board will ratify funding decisions made by the Business Board and will hold a record of all relevant documentation relating to government funding allocated to the area.

4.1.3. For ease of access the Combined Authority website has a transparency section and a separate meetings section which contain all information on the Combined Authority governance arrangements, agendas and papers and the Combined Authority Board Forward Plan.

4.1.4. The Combined Authority Board meets every month. The Combined Authority publishes a Forward Plan on the Combined Authority website, which is legally-required with a statement of all key decisions together with all non-key decisions

we plan to take over the next four months. Confirmed items are published 28 days in advance of a decision being made.

- 4.1.5. In addition to the Combined Authority Board, the Business Board meets bi-monthly. The Business Board shall have at least one meeting a year that will be open to the public to ensure the communities that they represent can understand and influence the economic plans for the area.
- 4.1.6. No business may be transacted at a meeting of the Business Board unless there is a quorum. The quorum requires a majority of the total number of Members of the Board to be present which should include the majority of private sector members and at least one public sector member.
- 4.1.7. All other meetings of the Business Board shall not be open to the public unless determined otherwise by the Chair. This enables commercially confidential items to be discussed and for open and frank exchanges of information and views to be expressed that might not otherwise be expressed in an open forum. This forms an important element within the Combined Authority governance arrangements.
- 4.1.8. Agendas and reports will be published five clear days prior to the meeting and minutes of these meetings will be published on the its website within 12 clear working days of the meeting and the agreed minutes will be published within two clear working days after approval at the subsequent meeting.
- 4.1.9. Information regarding activity being undertaken by the Combined Authority is available on the website. This includes the publication of key documents such as the CPIER and the Mayor's growth ambition statement, the Cambridgeshire and Peterborough Business Plan 2019-2020, and the Combined Authority Local Assurance Framework, as well as details of a regular programme of events to provide ongoing engagement with public and private partners across the Cambridgeshire and Peterborough area. Regular news updates on activity underway are also provided through dedicated pages on social media outlets including LinkedIn, Twitter and Facebook. Additionally, when investment decisions are taken they are published through the use of press releases and social media.

4.2 Publication of Financial Information

- 4.2.1. The Combined Authority is subject to the same financial arrangements as a Local Authority and is legally required to publish its annual accounts, external audit letter and annual governance statement by the end of July each year. The draft statement of accounts is signed by the S73 Officer and published (on the Cambridgeshire and Peterborough Combined Authority website) by 31st May. The final set of financial statements are signed by the S73 Officer and the Chair of the Audit and Governance Committee and published by the 31st July.
- 4.2.2. The Annual Governance Statement will be published in draft by 31st May, and the final version to be signed by the Mayor, the Business Board Chair and the Chief Executive and published by 31st July. The Audit and Governance Committee approves the statement of accounts and reviews the Annual Governance Statement prior to approval, in accordance with their terms of reference.
- 4.2.3. It is also used as part of the Annual Conversation each year, to supplement the information provided and discussed on governance arrangements.

- 4.2.4. All payments made on behalf of the Business Board are published in the monthly transparency report by Cambridgeshire and Peterborough Combined Authority.
- 4.2.5. All approvals for new funding are now published and monitored. The quarterly return to BEIS on Growth Fund projects, spend and performance is reported to Business Board and published in the reports, as part of the Business Board agenda. These have now also been uploaded on the Business Board section of the website and will continue to be published going forward to increase transparency.

4.3 Remuneration and Expenses

- 4.3.1. Allowances or expenses may be payable to the Mayor and any of the Business Board members, in accordance with a scheme approved from time to time by the Cambridgeshire and Peterborough Combined Authority Board upon the recommendations of an Independent Remuneration Panel.
- 4.3.2. The Combined Authority publishes the following information on its website: [Transparency](#)
- Confirmation of the allowance payable to the Mayor **and Business Board members**.
 - Confirmation of any allowances and expenses paid to the Mayor, **Business Board Members** and independent Chairs of Committees or Panels (published annually).
 - Salaries of senior officers earning more than £50,000 (published annually); together with the numbers of staff who earn over £50,000, in bands.
- 4.3.3. Any scheme of allowances approved for Business Board members and payments made will also be published.

4.4 Freedom of Information

- 4.4.1. The Combined Authority is subject to the Freedom of Information Act 2000 and the Environmental Impact Regulations 2004. As Accountable Body for the Local Enterprise Partnership the Combined Authority will also fulfil these functions on behalf of the Business Board. The Combined Authority will hold records and will be the focal point for statutory information requests. Applicants are made aware of their right to access information through the Combined Authority, which will deal with the request in accordance with the relevant legislation. As set out in this section, the Combined Authority aims to publish as much information as possible so that Freedom of Information requests are less necessary. A publication scheme is on the website and answers to previous requests are published on the website. [CACP Freedom of Information Policy](#)

4.5 Conflicts of Interest

- 4.5.1. The Combined Authority has a Code of Conduct which applies to all members of the Combined Authority, the Business Board, all committee members and the officers who form part of any decision-making body eg the Chief Executive. The Code of Conduct requires all those identified to avoid any conflicts of interest.

- 4.5.2. Each member of the Combined Authority is also required to complete a written declaration of interest for the purposes of their organisations and their individual personal interests covering a broad range of activities/ownership. Individual declarations of interest forms are completed annually following members' appointment at the Combined Authority annual meeting. Declarations of interest are requested at the start of each meeting and declared and recorded within the minutes. The registers of interests are updated, as appropriate, following each Combined Authority meeting.

[Combined Authority Board Membership](#)

[Business Board Membership](#)

4.6 Gifts and Hospitality

- 4.6.1. Any gifts and hospitality received by members and officers will be declared under the relevant members name and any declarations declared by members will be published on the website, For example [Mayor Palmer: Declared Gifts and Hospitality](#). **The [register of gifts and hospitality](#) declared by Business Board members is published under the governance page of the Business Board section of the website.** All offers of gifts and hospitality of £50.00 or more in value, including any offers of sponsorship for training or development, whether or not they are accepted, must be recorded promptly (and by no later than 28 days from the date of the offer) in a register held by the Combined Authority. A six monthly reminder will be send to all members and officers.

4.7 Complaints and Whistleblowing

- 4.7.1. If it is alleged that the Combined Authority is (a) acting in breach of the law, (b) failing to adhere to its framework, or (c) failing to safeguard public funds, complaints (from stakeholders, members of the public or internal whistleblowers) are to be directed to the Combined Authority's Chief Executive or Internal Auditor.
- 4.7.2. The Business Board and the Combined Authority have adopted a confidential complaints procedure and whistleblowing procedure, which are both published on its website Any complaints will be dealt with in accordance with its approved complaints process.
- 4.7.3. Where the Combined Authority cannot resolve the issue locally to the complainant's satisfaction, and the matter relates to the Cambridgeshire and Peterborough's Single Pot funding, the issue may be passed to the Ministry of Housing, Communities and Local Government for Communities and Local Government (MHCLG) or other relevant departments, such as the Department for Transport (DfT), as appropriate to the complaint in question. If the complainant is not satisfied with the response, they can raise it with the Local Government Ombudsman.

The above complaints and whistleblowing procedures are set out in detail at:

[CACP Complaints Policy](#)

[CACP Whistleblowing Policy](#)

[CA Business Board Complaints Procedure](#)

4.8 Diversity Statement

- 4.8.1. As detailed previously the Combined Authority is fully committed to diversity and equality. The Business Board has a published Diversity Statement which explains how it looks to ensure diverse representation at Board.

[CA Business Board Diversity Statement](#)

4.9. Government Branding

- 4.9.1. **The Combined Authority is committed to meeting Government branding guidelines for projects in its Local Assurance Framework. This includes the branding guidance issued to LEPs for the Local Growth Fund. The correct branding and wording is used on the Business Board and subsidiary websites. Guidance will be produced for signage, social media, press notices and other marketing materials. for every Government funded projects**

5. Robust Decision Making

5.1 Principles

5.1.1. This section details the processes and procedures that are in place to ensure we make robust investment decisions. These are in addition to those identified in the Accountability, Openness and Transparency section above. The processes and procedures will:

- Achieve best value in spending public money - recognising that sometimes the best investments offer long-term outcomes - with the expectation that only in exceptional circumstances will proposed investments not offer at least 'good' value for money – ie a benefit cost ratio (BCR) of at least two for transport schemes or appropriate public sector cost per job/Gross Value Added, and in all cases the benefits exceed the cost of intervention over the projected timeframe.
- Ensure an appropriate separation between project development and project appraisal.
- Appraise projects in a way which is consistent with the Green Book 'five cases' model and proportionate to the funding ask in terms of processes required.
- Ensure that the money spent results in delivery of outputs and outcomes in a timely fashion, and in accordance with the conditions placed on each investment, and by actively managing the investment to respond to changing circumstances (for example, scheme slippage, scheme alteration, cost increases etc).
- Implement effective evaluation to demonstrate where programmes and projects have achieved their stated aims and using feedback appropriately to refine the priorities and the decision-making process.
- Ensure that the use of resources is subject to the usual local authority checks and balances as well as normal local government audit accounting and scrutiny requirements.

5.2 Separation of Development and Appraisal Functions

5.2.1. The Combined Authority ensure all funding decisions are based on impartial advice. Project Initiation Documents and Business Cases created by project managers require approval from Combined Authority Board and Directors before commencing to project delivery.

5.3 Expressions of Interest/Open Calls

5.3.1. In relation to the Local Growth Fund, expressions of interest are received for potential funding under the Growth Prospectus, which is published on the Combined Authority website. The first call has now closed and the potential projects are going through the Business Board and Combined Authority Board cycle. A new call for funding will be issued in 2019/20, following the publication of the Local Industrial Strategy. The **initial** appraisals **from** these funding calls will be appraised by an internal panel, that evaluates expressions of interest, with

inputs from the appropriate policy lead, legal, procurement and financial officers. When **full** applications are received, external appraisers will carry out detailed appraisals.

5.4 Project Initiation Documents

- 5.4.1. Project Initiation Documents are required for all new programmes and projects and are used to identify the expected expenditure, outputs and outcomes of project delivery.
- 5.4.2. Once approved during the weekly Director meetings, the Project Manager is required to develop the Project Initiation Document into the business case.

5.5 Business Cases

- 5.5.1. All programmes and projects with approved allocations within the Business Plan and that have been approved through the Project Initiation Document process are required to complete a detailed Business Case.
- 5.5.2. Business case templates are a continuation of the Project Initiation Documents, but require more detail evidenced on the delivery and outcomes of the project, along with value for money information, project risks and governance arrangements.
- 5.5.3. Business cases would normally use the Combined Authority's template; however, some categories of projects may have specific business case templates (such as Transport schemes using Webtag). These should still comply with the Combined Authority requirements.
- 5.5.4. The Combined Authority has adopted HM Treasury's Five Case Model, and business cases need to be prepared according to the following elements:

Five Cases	Detail
Strategic Case	The strategic case sets out the rationale for the proposal, it makes the case for change at a strategic level. It should set out the background to the proposal and explain the objective that is to be achieved.
Economic Case	The economic case is the essential core of the business case and should be prepared according to Treasury's Green Book guidance. This section of the business case assesses the economic costs and benefits of the proposal to society as a whole, and spans the entire period covered by the proposal.
Commercial Case	The commercial case is concerned with issues of commercial feasibility and sets out to answer the question "can the proposed solution be effectively delivered through a workable commercial deal or deals?" The first question, therefore, is what procurement does the proposal require, is it crucial to delivery and what is the procurement strategy?
Financial Case	The financial case is concerned with issues of affordability, and sources of budget funding. It covers the lifespan of the scheme and all attributable costs. The case needs to demonstrate that funding has been secured and that it falls within appropriate spending and settlement limits.
Management Case	The management case is concerned with the deliverability of the proposal and is sometimes referred to as programme management or project management case. The management case must clearly set out management responsibilities, governance and reporting arrangements, if it does not then the business case is not yet complete. The Senior Responsible Owner should be identified.

- 5.5.5. **Reputational due diligence assessment will also be carried out to enable the combined authority to gain a comprehensive assessment of possible reputational risk attached to business partner.**
- 5.5.6. External business cases are submitted to the Combined Authority, who review the funding source and provide an initial check as to which element of funding within the single pot would be most appropriate. The purpose of this is to ensure that the funding requirements of the component elements of the Single Pot are being met, and to enable the effects and outcomes of the component elements of funding within the Single Pot to be tracked.
- 5.5.7. Appraisals will be proportionate to either the estimated scale of budget and/or the level of innovation/risk associated with the programme and in line with established guidance, where appropriate, as set out by HM Government, including:
- HM Treasury Green Book.
 - MHCLG Appraisal Guide.
 - HM Treasury Magenta Book.
- 5.5.8. Where a conflict of interest exists, full independent due diligence will be sought. Additionally, the Combined Authority will appoint an independent organisation, through appropriate procurement, to undertake external due diligence when required. The independent organisation works directly with the project applicant to undertake due diligence which then follows the decision-making process.
- 5.5.9. In cases where the investment is to match central government funding, and that government department has undertaken due diligence, the Combined Authority would not need to undertake its own due diligence. The Combined Authority will include reputational checks on organisations (and their group structure including parent organisations), when considering making loans and grants.
- 5.5.10. The 10-point guide on Project Management provides detail on this decision-making process.

5.6 Relationship with Project Managers – Development to Decision

- 5.6.1. Throughout the development of Project Initiation Documents and Business Cases through the appraisal process, the Combined Authority will keep in regular contact with external project managers.
- 5.6.2. An internally named project manager will be assigned to each programme/project where the Combined Authority are not the delivery body. The internal project manager will establish close working relationships with external contacts.

5.7 Ensuring Value for Money

- 5.7.1. As an investor of public funds, the Combined Authority has a responsibility to ensure that its decisions deliver best value for the tax payer, and therefore all

investment opportunities and business cases must include an assessment of their Value for Money. The Assurance Framework has been developed in line with HM Treasury Green and Magenta Book Guidelines, which require project managers to build in Value for Money processes throughout the approval stages. In addition, the Combined Authority requires all business cases be developed in line with HM Treasury's Five Case Model.

- 5.7.2. The delivery, and costs, of outputs must be quantified within all applications for funding. Where there are clear guidelines set out by Government for assessing Value for Money these will be taken into account; for example, for all Transport and Infrastructure schemes, the use of benefit cost ratio (BRC) indicator is implemented in line with DfT guidance.
- 5.7.3. The Director responsible for project delivery should document they are satisfied with Value for Money requirements.
- 5.7.4. The key objective of the Assurance Framework is to support the Combined Authority to make judgements about the value for money of potential investments and to accept or reject investments accordingly. However, it is just one of a range of complementary strategic guidance documents developed by the Combined Authority to inform decision making and ensure value for money. The following table, identifies, describes and provides a relevance assessment for all complementary strategic guidance:

Document Name	Function	Date Published
CPIER and the Mayor's growth ambition statement 2016-2026. The Industrial Strategy for Cambridgeshire and Peterborough	<ul style="list-style-type: none"> Key strategy document for the region. Sets high level targets (jobs and GVA) for the Combined Authority and develops the rationale for intervention across the region (six themes and seven priority sectors) 	November 2018
Local Industrial Strategy	<ul style="list-style-type: none"> With a particular focus on productivity the Local Industrial Strategy articulates how the region and its priority industries will contribute to the successful delivery of the UK Industrial Strategy and the key interventions necessary to enable productivity growth in Cambridgeshire and Peterborough. 	May 2019 (pending)
Business Plan	<ul style="list-style-type: none"> Sets output targets both in terms of spend 	January 2019
Monitoring and Evaluation Plan	<ul style="list-style-type: none"> Provides for each theme a capital and revenue logic model including key market failures to be addressed, and a range of indicative activities, outputs, outcomes and impacts, tied back to the achievement of the key performance indicators specified in the SEP. 	March 2019 (updated annually)

5.8 Value for Money for Transport Schemes

- 5.8.1. For transport infrastructure schemes, the Department for Transport requirements will be met. This includes the use of WebTAG which will be applied proportionately, based on the cost of the scheme and the scale of the impacts.

5.9 Project Approval – Funding Agreement

- 5.9.1. For projects being delivered by an external organisation, funding agreements or formal legal contracts will need to be put in place before delivery commences. These are important in setting out project monitoring and evaluation requirements, claims/invoice profile and key conditions of the funding. Agreements/contracts also set out the clawback arrangements in the event of underperformance. Any variations to these funding agreements/contracts must be signed off and approved by the Combined Authority.
- 5.9.2. **All Growth Fund schemes will have a funding agreement that sets out the outputs that are required and the schedule of payments that are to be paid. These are examined at each point in the claim.**
- 5.9.3. Following approval of a Business Case it may be necessary to complete a range of statutory processes to ensure the project is ready to start. For example, planning permission or a Compulsory Purchase Orders. It may also be necessary to satisfy a number of conditions agreed as part of the Business Case. Due diligence of such processes/conditions will then be carried out as required prior to the Combined Authority issuing a formal legal contract.

6. DELIVERY PHASE

6.1 Release of Funding, Cost Control and Contract Management

- 6.1.1. Once a formal funding agreement/contract is in place the programme/project enters the delivery phase.
- 6.1.2. The Combined Authority's Section 73 Officer must certify that funding can be released under the appropriate conditions.
- 6.1.3. Funding claims submitted to the Combined Authority are checked against the approved project baseline information, which is included within the original funding agreement/contract. Payments will be released quarterly in arrears unless otherwise agreed.
- 6.1.4. A mechanism for 'claw-back' provision is to be included within the funding agreements/contract to ensure funding is only to be spent on the specified scheme and linked to delivery of outputs and outcomes. Payment milestones are agreed between the project manager and the Combined Authority based upon the complexity, cost and timescales of the scheme. This forms part of the programme management role of the Combined Authority.

6.2 Performance Reporting

- 6.2.1. Projects funded by the Combined Authority (regardless of size) will incorporate the Monitoring and Evaluation Framework and will have a basic monitoring plan in place as part of the business case. Further information on this can be found in the 10-point guide on Project Management.
- 6.2.2. A monthly highlight report cycle has been created and embedded across the organisation. Projects which fall under the Business Board and Combined Authority Board are required to have monthly reports completed, updating on budget spend and performance against key milestones and outputs/outcomes.
- 6.2.3. Highlight reports also contain risk registers for each project, where project managers track and monitor key risks (and assign a named individual of appropriate seniority against each).
- 6.2.4. Using information from these monthly highlight reports, a monthly dashboard report is created, pulling together the key information from all projects across the Combined Authority Directorates. This is scrutinised on a monthly basis by the Directors and the PMO team.
- 6.2.5. Once a quarter, an exception report is created and includes information on the amber and red rated projects. This report is shared with Combined Authority Board Members, along with a Quarterly Performance Update on how the Combined Authority is performing against the following key metrics and targets:
 - Doubling GVA over the next 25 years
 - 72,000 homes to be built by 2032
 - 2,500 affordable homes to be built
 - Jobs growth

- Apprenticeships
 - Good job within 30minute commute of home
 - RAG status of key projects
- 6.2.6. Growth fund **and investment** update reports are also submitted to every meeting of the Business Board **and will be published on the Business Board section of the website.**
- 6.2.7. Aligning with the quarterly updates to Combined Authority Board, 'Critical Friend' clinic sessions are arranged by the PMO team, where project managers and Directors are invited along to review the status and performance of projects.
- 6.2.8. All funding agreements/contracts with external bodies will include reporting guidelines as specified in the Monitoring and Evaluation Framework.

6.3 Risk Management

- 6.3.1. The Combined Authority has developed a risk management approach to corporate and project in our strategy, with risk identification, mitigation, escalation and reporting templates guidance.
- 6.3.2. It is important that the level of risk taken on any project and programme is understood from an early stage alongside the associated cost implications. Project managers are required to include risk as part of funding requests
- 6.3.3. The corporate risk register which incorporates the risks will be reviewed monthly by the Combined Authority Director team and will be considered by the Audit and Governance Committee quarterly. We corporate risk register and a project register, and a risk strategy
- 6.3.4. Senior Officers of the Combined Authority (Chief Executive and S73 Officer) are responsible for the identification and management of risk. The Combined Authority has an Assurance Manager, to support this activity.
- 6.3.5. At the project level, all projects are expected to outline, in detail, any identified risks during the business case development and due diligence processes. Once in delivery, ongoing risk registers are maintained and incorporated into the monthly highlight reports.

6.4 Change requests

- 6.4.1. All project change requests must be clearly documented, with evidence of approvals and notifications saved where applicable and recorded within the performance highlight reports.
- 6.4.2. Project change request forms should be used when approval is higher than that of a Director and for changes which include the following:
- Changes to timescales (ie delay to completion date)
 - Amendments to budget
 - Variations to outputs delivered
 - Withdrawal of project
 - Agreed mitigation/action arising from RAG

- 6.4.3. Directors are responsible for agreeing change requests within delegation and promoting change requests outside their delegation. Where there is a project board on which the Director sits, the Project Board also agree change requests within delegations.
- 6.4.4. Clawback and recovery processes for projects need **are** addressed in the funding agreement/contract. **Agreements are being reviewed to make it clearer what the recovery action will be.**
- 6.4.5. The Business Board's role in recovering funding where there has been non-compliance, misrepresentation or underperformance is being developed.

7. Measuring Success – Realising the Benefits

7.1 The Importance of Monitoring and Evaluation

7.1.1. The Combined Authority and the Business Board (LEP) is committed to implementing effective monitoring and evaluation so that it is able to:

- **Provide local accountability to the public** by demonstrating the impact of locally devolved funding and the associated benefits being achieved.
- **Comply with external scrutiny requirements** ie to satisfy conditions of the Devolution Deal. Specifically, the Monitoring and Evaluation Framework will be used to demonstrate local progress and delivery to senior government officials and Ministers who are ultimately accountable to parliament for devolved funds.
- **Understand the effectiveness of policies or investments** and to justify reinvestment or modify or seek alternative policy. The Monitoring and Evaluation Framework provides a feedback loop for the Authority and relevant stakeholders.
- **Develop an evidence base for input into future business cases** and for developing future funding submissions. The Monitoring and Evaluation Framework will collect, collate and analyse data which can be utilised for future work.

7.1.2. The Combined Authority Monitoring and Evaluation Framework was initially prepared in relation to the Combined Authority's devolution deal monitoring and evaluation requirements. However, the approach set out in the Framework will be utilised for all sources of funding within the Cambridgeshire and Peterborough Business Plan, accepting that some government departments will have slightly different requirements which will be met. The Framework builds on the National Evaluation Framework for devolution funds, prepared by SQW and agreed with devolution areas and government.

7.1.3. The Business Board will be asked to co-adopt this Monitoring and Evaluation framework, as the Governments published guidance requires the Business Board to reference their monitoring and evaluation arrangements as well.

7.1.4. The overall responsibility for monitoring and evaluation (the Monitoring and Evaluation framework) and execution of the activity associated with it is held at director level at the Combined Authority, within the post of Strategy & Assurance Director. The Combined Authority has agreed a contract with Cambridgeshire County Council (part of the wider CambridgeshireInsight partnership) to provide an appropriate level of officer support on Monitoring and Evaluation, including local knowledge, expertise and supporting capacity.

7.1.5. The Combined Authority's approach uses the Magenta Book definition of monitoring and evaluation and makes use of the wider guidance within this document as complementary guidance to the HM Treasury Green Book.

7.1.6. The Combined Authority major projects will have logic models.

7.1.7. Lessons learnt from evaluations will be reported to the Business Board and Combined Authority Board as appropriate.

7.2 Programme and Project Monitoring

- 7.2.1. Funding agreement/contracts set out the programme or project spend and output profile together with the monitoring arrangements (financial, benefits and risk).
- 7.2.2. Monthly highlight reports are completed by project managers on all live projects and provide updates on the performance of projects. These reports are reviewed by directors at their monthly Director meetings and quarterly, during the 'Critical Friend' clinic sessions.
- 7.2.3. Any changes or variances to the spend profiles or key milestones will need to be reported by the Project Manager and approved by the Combined Authority. On approval a variation letter to the Funding Agreement/contract will be issued.

7.3 Project Evaluation

- 7.3.1. The business case clearly defines those outputs which may be captured through routine monitoring.
- 7.3.2. The Monitoring and Evaluation framework sets out when and how programmes and projects are reported.
- 7.3.3. Evaluation forms are a requirement of the project closure process, and project managers are responsible for identifying what their project has delivered. Detailed evaluation requirements are also a requirement of the project closure form.
- 7.3.4. Evaluation plans will be proportionate and in line with the latest government department guidance where relevant. For example, all transport schemes (over £5m) will follow Monitoring and Evaluation Guidance for Local Authority Major Schemes.
- 7.3.5. All monitoring and evaluation arrangements (which will form part of the final business case) and interim and final monitoring and evolution reports, will be published on the CP Combined Authority website.
- 7.3.6. The Combined Authority will identify the projects that will be subject to a more detailed evaluation. The level of evaluation will depend on the following:
 - Project funded through *growth funding* (in the Combined Authority's case the core agreement with central government to devolve £20m per year over 30 years). Therefore, subject to the agreed national evaluation framework, independent evaluation led by SQW Ltd.
 - Projects funded through other streams and identified as being '*major*' in terms of the relative size of the funding and/or the expected benefits to be achieved. Therefore, subject to full independent evaluation commissioned by the Combined Authority (an example would be evaluating the effectiveness of projects commissioned under the £100m affordable housing fund).

- Project identified locally as one where *significant learning* could be available that would help to inform future policy making either locally or nationally. This will include projects that are innovative or considered 'pilots'. Evaluation work in this case would be either be commissioned independently or carried out locally by the Research Team for Cambridgeshire County Council.
- 7.3.7. Other projects not included above subject to proportionate '*self-evaluation*' based on submitted business cases.

7.4 Adult Education Budget Monitoring and Evaluation

- 7.4.1. The Adult Education Budget reporting will be included within the Combined Authority monitoring and evaluation submissions as required under the devolution agreement. The Combined Authority has already submitted our policies for adult education as part of the readiness conditions and they were published as part of the commissioning process. They will continue to be updated and will be published more broadly during the academic year 2019/20.
- 7.4.2. The Combined Authority's Monitoring and Evaluation Framework (detailed above) will be used for the Adult Education Budget activity including the use of logic models. The first formal annual evaluation will be undertaken after year 1 academic year 2019/20 delivery and completed by December 2020. It will meet the national requirements as set out in the National Assurance Framework, together with locally determined requirements so that it can be used to inform and shape the criteria for future funding awards.
- 7.4.3. **The Combined Authority has agreed with the Education & Skills Funding Agency a formalised approach for Audit, Assurance, Fraud and Investigations for 2019/20. This agreement provides support for both parties in ensuring AEB service provision post devolution.**



AUDIT AND GOVERNANCE COMMITTEE	AGENDA ITEM No:
31 MAY 2019	PUBLIC REPORT

INTERNAL AUDIT: GOVERNANCE

1.0 PURPOSE

- 1.1 Internal Audit provide assurance to the Audit and Governance Committee that activities undertaken across the Combined Authority are appropriately managed, monitored and delivered in accordance with set governance, controls and risk management frameworks.
- 1.2 This report provides details of the outcomes from the review commissioned in relation to Corporate Governance, together with a separate review which was planned in relation to the Local Enterprise Partnership. Details of all other audit reviews undertaken as part of the Audit Plan for 2018 / 2019 will be set out in the annual Internal Audit Opinion report which will be on the next committee meeting in July 2019.

<u>DECISION REQUIRED</u>	
Lead Officer:	Steve Crabtree, Peterborough City Council
The Audit and Governance Committee is recommended to consider the outcomes from the reviews of corporate governance together with the proposed actions for management to address the weaknesses identified.	

2 BACKGROUND

- 2.1 In March 2018 Audit and Governance Committee discussed and agreed the Internal Audit Plan for 2018 / 2019. In accordance with the agreed work programme for Internal Audit, the reports provide an independent and objective

opinion on the Combined Authority's effectiveness in managing risk management, governance and the control environment. Separate progress reports have been provided throughout the year and all activities have been undertaken in line with Public Sector Internal Audit Standards, which Peterborough Internal Audit Service is fully compliant with.

- 2.2 The original audit plan set out a requirement to follow up the previous review into corporate governance when the CPCA was formed which was to focus on areas which had not been developed or embedded previously. However, following the Audit and Governance Committee in September 2018 the scope for this review was extended to include additional areas which had been identified. The scoping document was included within the committees' agenda papers for 30 November 2018.
- 2.3 The fieldwork has been completed and a report produced. Members of this committee as well as Overview and Scrutiny who attended the CPCA Governance Workshop on 18 March 2019 were provided with a brief overview of the key findings. Attached at **Appendix 1** is the completed report.
- 2.4 Furthermore, with the amalgamation of the Local Enterprise Partnership into the CPCA from 1 April 2018, our Audit Plan also planned to review their governance arrangements as there would be an expectation that they would closely mirror those of the CPCA. Following the release of a new national framework from Central Government, we have mapped those processes to establish compliance. Attached at **Appendix 2** is the final report.

3 FINANCIAL IMPLICATIONS

- 3.1 The cost of undertaking Internal Audit activities is contained within the charges contained within the Combined Authority's budget and are set out within the Service Level Agreement. Any increase in the required audit coverage will be agreed with Peterborough City Council on an ongoing basis.

4 LEGAL IMPLICATIONS

- 4.1 The Accounts and Audit Regulations 2015, Regulation 5, requires a relevant organisation to undertake an effective internal audit to evaluate the effectiveness of its risk, control and governance processes, taking into account public sector internal auditing standards or guidance.

5 SIGNIFICANT IMPLICATIONS

5.1 There are no direct wider CPCA implications arising from this report.

6 APPENDICES

6.1 Appendix 1: Internal Audit Report – Corporate Governance

6.2 Appendix 2: Internal Audit Report – LEP Governance

<u>Source Documents</u>	<u>Location</u>
List background papers:	

FINAL AUDIT REPORT	
CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY: GOVERNANCE REVIEW	
Date of Report:	March 2019



Audit Opinion: **Various** (each governance area evaluated separately)

CIRCULATED TO / FOR ACTION:

John Hill, Interim Chief Executive	
Kim Sawyer, Interim Chief Executive	
Noel O'Neill, Interim Chief Financial Officer	
Authorised by:	<u>Steve Crabtree, Chief Internal Auditor</u>

Actions:	
Category	No.
Critical	1
High	1
Medium	13
Low	12
Total Actions To Be Addressed	27

The matters raised in this report are only those that came to the attention of the auditor during the course of the review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or part to third parties without prior written consent of the appropriate Director, Head of Service or the Chief Internal Auditor. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

EXECUTIVE SUMMARY

Introduction

Governance is the combination of processes and structures implemented by the Board in order to inform, direct, manage and monitor the activities of the organisation toward the achievement of its objectives.

Since its creation in 2017, the CPCA has developed and changed as new areas have been devolved or amalgamated within its remit. This has resulted in changes being introduced such as the Business Board (picking up on the activities previously within the LEP) and the introduction of a new committee structure to pick up on the various portfolio business areas. Furthermore, the previous audit review identified a number of areas which were in the process of being developed and requiring embedding and these will be confirmed. However, in light of the new activities and the creation of a series of committees, it is considered appropriate to have a full audit overhaul of the governance activities to ensure that the new arrangements are fit for purpose.

As a separate exercise, following discussion and debate at Audit and Governance Committee the review will also review the HR processes adopted by the CPCA.

Objectives and Scope

The overall objective of the review is to provide assurance that the systems of control in respect of Corporate Governance are adequate and being consistently applied. The areas of focus will be:

- **Organisational Structure / Roles and Responsibilities:** To confirm that the Authority has an open and transparent organisational structure and that roles and responsibilities are clearly defined and communicated across the organisation.
- **Decision Making:** To confirm that there is a clear and transparent decision making process within the Authority and decisions taken adhere to these processes as set out in the assurance framework.
- **Strategy and Planning:** To confirm that the Authority's strategies are up to date and communicated across the organisation. To confirm that strategies complement and support each other and are linked to key aims and priorities.

Verification that HR processes are robust and follow best practice.

This audit was conducted in accordance with proper audit practices, which are set out in the Public Sector Internal Audit Standards (PSIAS). The audit was planned and performed so as to obtain all relevant information and sufficient evidence to express an opinion.

Main Findings

Improvements have been made to the governance arrangements as the CPCA has evolved and previous actions have been progressed. Following extending the review to other areas of governance the part of the business requiring most attention is that of Human Resources. While the audit focus was primarily to look at the recruitment process – which we were unable to place any reliance on – the audit also touched upon the performance management framework and similarly there was nothing in place in relation to employees. A detailed action plan is required to take this key business activity forward.

Opinion

Due to the diversity of processes the audit opinion is provided separately for each system.

Activity Area	Assurance Rating	Recommendations			
		Critical	High	Medium	Low
Budget Setting	Reasonable	-	-	-	1
Budget Management	Reasonable	-		4	2
Financial Resilience	Reasonable ¹	-	-	5	3
Governance	Reasonable	-	-	1	-
Roles and Responsibilities	Reasonable	-	-	-	1
Code of Conduct	Substantial	-	-	-	-
Complaints	Substantial	-	-	-	-
Risk Management	Reasonable	-	-	1	1
Performance Management Framework	Reasonable	-	-	1	-
Project Management	Reasonable	-	-	-	1
Declarations of Interest	Reasonable	-	-	-	1
Gifts and Hospitality	Reasonable	-	-	-	1
Freedom of Information	Reasonable	-	-	1	-
Local Code of Governance	Reasonable	-	-	-	1
Human Resources: Recruitment and Selection	No	1	1	-	-

¹ A separate audit report has been issued in relation to Treasury Management as part of the Internal Audit Plan for 2018/2019. The table includes details as to the number of recommendations made only.

Observations	Priority	Recommendations
<p>BUDGET SETTING</p> <p>2017/2018 Observation: Current budget setting arrangements only provide the Board with one year's budget.</p> <p>2017/2018 Recommendation No.1: In developing the budget proposals for the CPCA, the reports provided to Members only sets out the spending plans for the following year. In order to provide greater transparency for the Members, partners, stakeholders and the public, with the lifespan of the various projects to be delivered covering more than one year, it is considered appropriate that as part of the budget process that financial projections for up to 5 years are provided (similar to a Medium Term Financial Strategy). In addition, this could link in with the 5 year gateway review funding mechanism. This will demonstrate how and when major schemes are scheduled to be delivered. It will also be able to be used to identify aspirations as to when additional government or partner funding is required to progress on a number of projects. (Implementation Date: 31 August 2018)</p> <p>2017/2018 Observation: Budget setting documentation should be reviewed to reflect the specific nature of the CPCA rather than a local authority</p> <p>2017/2018 Recommendation No.2: In establishing the CPCA in order to set out key processes and procedures prior to its inception, a number of key documents have been utilised from Peterborough City Council. Within the budget arrangements there is reference made to a two stage process for consultation on potential budget cuts. As the CPCA is a commissioning authority based on prescribed grants and funding, there is no need for reference to budget cuts nor the two stage process. (Implementation Date: 31 October 2018)</p>		
<p>As part of establishing its consolidated budget, the CPCA has now created a 4 year Medium Term Financial Plan (MTFP). The initial proposals were first discussed on 30 May 2018 at the Board. Further updates have been provided to the Board on 28 November 2018 contained in the Draft Budget and MTFP 2019/20–2022/23. The document is referenced / based upon the CPCA decisions to date and its future earmarked schemes and its funding streams.</p> <p>The initial budget proposals has been refreshed throughout the year and now reflects the increased areas under the remit of the CPCA which have been incorporated into the business since the previous year, such as the Adult Education Budget and the Local Enterprise Partnership.</p> <p>A consultation exercise was undertaken on the budget spend proposals prior to final budget discussion at Board on 30 January 2019 (Final Budget 2019/20 and MTFP 2019/23). The various comments have been anonymised and incorporated into the report.</p> <p>The CPCA recognises in the report that the current / future capital projects require appropriate funding to develop supporting business cases and will then require additional capacity funding from other sources to deliver the outputs. Capacity in terms of revenue funding to develop schemes has been arranged for the medium term. The</p>	Low	<p>BS1...It is proposed that as part of the Internal Audit Plan for 2019 / 2020 that IA review the outcomes of the review and that savings have been achieved. This will coincide with the Finance half year review of the budget (October 2019).</p>

CORPORATE GOVERNANCE REVIEW

<p>budgets now provide a clear distinction in relation to grants receivable. Separately, a capital programme is also provided to highlight current commitments / future profiling.</p> <p>To further develop the relationship between the funding streams and the CPCA, a separate Business Plan has been established and closely links the overarching priorities with the budget.</p> <p>While it was noted that the as a commissioning authority based predominantly on grants and funding to deliver its services, the CPCA committee report refers to a need to review its own operating costs in line with its spending priorities and profiles. This is with a focus to driving out inefficiencies and keeping core costs to a minimum. At the time of the review it was also noted that Overview and Scrutiny Committee had called in the decision to reduce the costs and the planned changes proposed in relation to the staffing structure. It would be prudent for this to be reviewed once this exercise has been completed (BS1) to verify if value for money has been achieved.</p> <p><i>(Note, it was outside of the scope of this review to verify the soundness of the budget. This formed part of the overarching external review of the budget finances).</i></p>			
Management Comments			
<p>The Chief Executive reviewed the structure at the request of the Mayor to look at the level of resources required to deliver the focussed CPCA agenda. At the CPCA Board in November, Members sought a strong look at corporate costs. The structure approved by Employment Committee and subsequently CPCA Board reduced the number of Directors in line with other Combined Authority structures, re-focussed the staffing in Business & Skills on the priorities from the emerging Local Industrial Strategy (LIS) and reviewed the corporate services required to support that structure. Whilst Overview & Scrutiny Committee did call in the structure, no recommendations for change were passed to CPCA Board or Employment Committee.</p> <p>This structure was consulted on with the staff of the Combined Authority and received positive affirmation. Both the Interim Section 73 Officer and Monitoring Officer approved the level of resources are appropriate to deliver their functions and those of the CPCA effectively. We would be happy for Internal Audit to review the value for money in 2019/20 (S73 Officer)</p>			
Agreed Actions			
A review of overheads will be included within the mid-year review of the budget and MTFP			
Due Date:	October 2019	Action by:	Jon Alsop

Observations	Priority	Recommendations
<p>BUDGET MANAGEMENT</p> <p>2017/2018 Observation: Budget monitoring, while being managed, are only reported internally. In order to develop better engagement and transparency of the CPCA, there is a requirement for budget reports to be provided for scrutiny and challenge my members</p> <p>2017/2018 Recommendation No.3: The CPCA budget is in the region of £100m with approximately £5.5m committed to date. Monthly monitoring reports are produced, however these are currently only circulated to officers, with no overall reports for scrutiny or the Board. This creates a risk of a delayed decision making where corrective action is needed. It is recommended that reports are developed so that monthly reports can be scrutinised by (Informal) Cabinet and quarterly for the Board. (Implementation Date: 30 June 2018)</p> <p>2017/2018 Observation: Service level agreements are not signed</p> <p>2017/2018 Recommendation No.4: Agreements are held for a number of services which are provided by other authorities. These have not been signed off. While this has been seen as low risk by all bodies, in order to avoid any contractual disputes, these should be approved / signed as soon as practical. (Implementation Date: 31 August 2018)</p>		
<p>The Finance system is provided under licence through Peterborough City Councils third party provider. At the time of the audit, budgets were not uploaded into the Agresso financial system (BM1). Discussions with CPCA highlight commissioning issues which has delayed the process, such as licencing and installation. Nevertheless, discussions should have been escalated with the provider to reach an earlier resolution. Go Live dates are now established.</p> <p>All financial data is held within the feeder systems with the exception of the budgets (see above). There is the inherent risk that budget report data could be corrupted as linked to spreadsheets, however control mechanisms are in place to mitigate to a minimum. (BM2)</p> <p>With the majority of the spending linked in with project schemes – whether in initiation, feasibility or delivery stage – the onus is on project managers to review this information prior to submitted project highlight reports to the Directors Group. From a sample review of highlight reports, it was able to trace back expenditure to the invoice / payment run.</p>	<p>Medium</p> <p>Low</p>	<p>BM1...The CPCA should ensure that following appropriate testing and data population etc. that the installation of (Agresso) financial software is in accordance with Go Live Project Action Plan timetable.</p> <p>BM2...The CPCA, as part of the Action Plan identified in BM1, once Agresso has been fully tested for Business as Usual purposes and reporting capabilities, appropriate access and reports should be provided to managers.</p>
<p>Only Directors are identified as cost centre managers across the CPCA. There needs to be a clearer identification of accountability and responsibility in relation to spending and this should be including as part of the review of the scheme of delegation (BM3). Appropriate training should be provided to designated cost centre managers and</p>	<p>Medium</p>	<p>BM3...The CPCA should establish who all the cost centre managers are to deliver the business in order to</p>

CORPORATE GOVERNANCE REVIEW

<p>monthly returns received. These can then be reported through to the Directors Group, identifying compliance / non-compliance together with monitoring the spend levels (BM4). It is proposed that as part of the Internal Audit plan for 2019 / 2020 that Internal Audit look into cost centre management arrangements.</p> <p>Service Level Agreements are in place with a number of organisations – LGSS (Democratic Services); Peterborough City Council (Finance); Cambridge City Council (Procurement) and 3C ICT (Information Technology). Signed copies were noted and there is a review mechanism in place to establish progress against service delivery and any gaps. In relation to Payroll Services, there are two separate arrangements – Peterborough City Council used at the initial set up of the CPCA when it was not an employing body and a contract with Rawlinsons for all employees originally engaged by the Local Enterprise Partnership. Steps should be taken to harmonise these as soon as practical (BM5). This should also include the novation of staff from Peterborough City Council contracts to the CPCA (BM6).</p>	<p>Medium</p> <p>Low</p> <p>Medium</p>	<p>agree accountability and responsibility for financial monitoring. It is accepted that at the time of the audit, the review of the structure had resulted in the Director level only being determined.</p> <p>BM4...Monthly budgetary returns must be completed. Any areas of non-compliance should be reported through to Director Group. A separate audit review is proposed for 2019/2020 once the finance system has been activated.</p> <p>BM5...The CPCA should consider establishing one supplier for the provision of Payroll as soon as practical.</p> <p>BM6...CPCA should look to novate staff away from PCC as a matter of urgency.</p>
Management Comments		
<p>CPCA Board and Directors have received regular budget monitoring reports on both capital and revenue spending. Alongside this, CPCA has a robust project management system that report to Directors and CPCA Board. This is important with the nature of CPCA budget, funding and spending activity. Senior Managers and Members see detail and can perform appropriate challenge.</p> <p>BM1: According to the agreed SLA with Peterborough City Council (PCC), PCC are responsible for the “provision of a finance system – access, licences and support, including the provision of support in the development of the finance ledger system.” This service has been provided and the data is used to produce monthly budget reports. This could continue with the nature of our spend. PCC commissioned one of its suppliers to upgrade the functionality of the CPCA finance ledger according to an agreed scope. PCC were kept informed of issues regarding the development and as soon as the timetable slipped, CPCA’s concerns were escalated to PCC’s Corporate Director of Resources, who confirmed that he would look in to the matter urgently. PCC’s third party support providers (Serco) have since been developing the system in accordance with an agreed action plan. ‘New’ functionality has been tested and is in the process of being ‘built’ in the live environment. It will be handed over on 1st June and live from 1st July 2019.</p> <p>BM2: As is reported above CPCA have control checks in place to mitigate the risk of budget reporting errors. We do agree that the creation of ‘self-service’ and monthly budgetary control reports for Cost Centre managers is part of the Agresso development plan and will make life easier and smoother.</p>		

CORPORATE GOVERNANCE REVIEW

BM3: In line with Board expectations, and reflected in our Constitution, spending decisions are taken by CPCA Board and there is limited delegation. Directors, under this system, is the right level for control. This is the control that CPCA want at this moment in time. This is likely to change as the organisation matures so functionality has been developed to enable different 'roles' to manage and monitor budgets within Agresso. These roles will be allocated to staff once the new establishment structure has been confirmed, and if and when appropriate amendments to the Organisation's scheme of delegation have been agreed.

BM4: The CPCA budget is focussed and tightly controlled. The size of the organisation makes this possible. Directors oversee all spending and this is collectively monitored at Directors meeting. The CPCA is both very transparent and very controlled in how it reports spending and decisions publicly. Budget monitoring is reported to directors.

BM5: This action is completed.

BM6: This action is completed.

Agreed Actions

Per above

Due Date:	June 2019	Action by:	Jon Alsop
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Observations	Priority	Recommendations
<p>FINANCIAL RESILIENCE</p> <p>2017/2018 Observation: Treasury management strategy does not allow for better investment of funds. A clear Treasury Management Strategy should be developed which embraces the unique nature of the Combined Authority whilst allowing for greater flexibility in its investment arrangements.</p> <p>2017/2018 Recommendation No.5: The CPCA has sizable surplus funds which currently are not best utilised for the full benefit of CPCA. In light of the CPCA receiving its Statutory Instrument for Borrowing (February 2018) and the planned training to be provided to the Audit Committee at its meeting in March 2018, consideration should be given to developing an appropriate strategy which manages the risks associated with investment and borrowing, including any limits to investments with different counterparties. Rather than being similar to a local authority treasury management approach, there should be potential to allow for greater returns and flexibility, allowing for and potentially developing a recycling fund concept. Once established this should then be approved by the Board. (Implementation Date: 31 May 2018)</p> <p>2017/2018 Observation: Greater alignment of Investment and Delivery arrangements. Investment and delivery workstreams need greater clarity and reflected through from into the Strategy and the Local Code of Governance</p> <p>2017/2018 Recommendation No.6: The current aspirations for delivery needs to be aligned with investments and should sit alongside the treasury management strategy. There needs to be clear links with the budget setting process referred to earlier. (Implementation Date: 18 May 2018 onwards)</p>		
<p>Various reports have been provided to Audit and Governance Committee throughout the last 12 months together with external assessors providing a training course. Formal approval was then made of the Treasury Management Strategy. This is reviewed annually.</p> <p>Investigation into approved investments other than local authorities is underway. This work is expected to be completed in March and form part of the updated Strategy and revised investment limits that will be presented to Audit & Governance Committee in March 2019.</p> <p>A separate report was undertaken as part of the agreed Internal Audit Plan in to the arrangements for Treasury Management. The report has been issued and concluded that “<i>The treasury management function at the CPCA is operating effectively and efficiently, however, we identified a few areas that could be improved such as updating the authorisation matrix, the introduction of process documentation and the documentation and approval of investment decisions which would serve to enhance the audit trail and ensure clarity of accountability</i>”. It was concluded that we could place reasonable assurance on the system and processes. (The recommendations have not been duplicated in this report).</p> <p>As part of agreeing the budget, delivery arrangements have been mapped out against known funds (see Budget Setting). It should be reiterated that it was out of scope to verify the resilience of the budget as this formed the review of the external assessment.</p>		<p>All recommendations contained in a separate audit report.</p>

CORPORATE GOVERNANCE REVIEW

Management Comments			
Management comments relating to these recommendations were also contained in the separate report.			
Agreed Actions			
Agreed			
Due Date:	Separately reported	Action by:	Jon Alsop

CORPORATE GOVERNANCE REVIEW

Observations		Priority	Recommendations
GOVERNANCE 2017/2018 Observation: CPCA can demonstrate that it has objectives in place aligned to its vision 2017/2018 Recommendation No.7: The overall direction of the CPCA is set by the Mayor and the Board. Initially this has been documented within the Annual Governance Statement produced in June 2017 and is subject to review by the Board. Where projects have been commissioned for feasibility studies, it has been clearly documented as to how each links back to the objectives and vision of the CPCA. The Annual Governance Statement is a review of the effectiveness of governance arrangements. From this a detailed action plan has been produced. It was identified that while a number of the actions have been referred through to Board / Committees there has not been a progress report produced for Audit and Governance.			
The CPCA has now been able to demonstrate a closer link between its 2030 Vision, the overall 4 Year MTFP and its Business Plan which also provides commentary on key deliverables at various times within throughout the year. The CPCA has a Forward Plan which maps out the actions required to meet the various committee agendas and their deadlines. This could be developed further by incorporating details of all projects within this. This can be linked in with the key priorities and deliverables within the Vision so as to provide greater transparency as to when key decisions are required and when outcomes are expected (G1). This could include details relating to strategies, gateway reviews etc.		Medium	G1 ...The CPCA should consider establishing an overarching Project Outcomes Plan which sets out the timelines for the delivery of critical projects.
Management Comments The Assurance Framework sets out the project management arrangements in detail. The Business Plan and MTFP are used widely by the organisation as data sources and discussions have begun on updating these key documents during the mid-year review in September. This will involve input from the PMO, Finance and Delivery Teams and reflect further work on project prioritisation. The Business Plan clearly highlights better the key projects to the Combined Authority and the other capital projects for which provision is made in the Medium-Term Financial Plan. This is promoted around the office space. We are building into our guidance to project managers a requirement that all projects must include a timeline in the form of a Gantt chart, we will consider the best way of bringing this information together into a useful corporate format for key projects.			
Agreed Actions G1 Six-month review of the Business Plan and MTFP to commence September 2019			
Due Date:	September 2019	Action by:	Paul Raynes / Roberta Fulton

CORPORATE GOVERNANCE REVIEW

Observations		Priority	Recommendations
ROLES AND RESPONSIBILITIES 2017/2018 Observation: CPCA can demonstrate that roles and responsibilities are defined 2017/2018 Recommendation No.8: The CPCA centre is a lean organisation. For each post there are job descriptions which set out the respective roles and responsibilities. Where necessary, appointments have been made by Employment Committee. The Constitution sets out clear delegations and roles for the Mayor, the CPCA committees and any specific delegations to officers. Registers of interests are recorded for each Member (linked to the constituent authorities). The working relationship between members and officers is well defined. However there has been no recent feedback from members, by means of a survey for instance, to better demonstrate the effectiveness of these working relationships. (Implementation Date: 31 May 2018)			
<p>The CPCA has adopted a Constitution which was last reviewed mid-year. This established alterations to the committees and portfolios in July 2018 to reflect changing needs of the organisation. As part of this fundamental review and update by the Monitoring Officer it also included amendments to the various committees' Terms of Reference, the overarching committee framework and the development of call in arrangements. The Constitution is available on the website.</p> <p>Membership was agreed and approved in September 2018 following nominations etc. from the constituent councils. No meetings took place during this time. (RR1)</p> <p>Member training and awareness is arranged through an induction process during May / June each year. Separate, more specific training is delivered throughout the year dependent on need e.g. risk management, Audit Committee and Scrutiny.</p>		Low	RR1 ...The CPCA should ensure that all constitutional changes be formally agreed prior to implementation
Management Comments			
Agreed Actions			
No action required			
Due Date:	date action will be complete	Action by:	name of person responsible for action

CORPORATE GOVERNANCE REVIEW

Observations	Priority	Recommendations
<p>CODE OF CONDUCT</p> <p><i>2017/2018 Observation: CPCA is bound by codes of conduct for members and officers</i></p> <p><i>2017/2018 Recommendation No.9: The Constitution sets out the Code of Conduct which is in line with best practice standards. All is available on the website. Member training covers the Code of Conduct. It is unclear whether they have signed a declaration stating that they conform to the Code. (Implementation Date: 31 May 2018)</i></p>		
<p>The Code of Conduct is in line with best practice standards and has been reviewed when the Constitution is considered. All is available on the website. Responsibility is with the Monitoring Officer to ensure compliance in line with Chapter 19 of the Constitution.</p> <p>For members, there have been no referrals in relation to standards.</p> <p>All staff have signed and returned a copy of the Code of Conduct.</p>		No recommendations

CORPORATE GOVERNANCE REVIEW

Observations	Priority	Recommendations
<p>COMPLAINTS PROCEDURES</p> <p>2017/2018 Observation: Procedures have been established for complaints but not whistleblowing</p> <p>2017/2018 Recommendation No.10: CPCA complaints procedures were identified as an action in the Annual Governance Statement. Audit and Governance Committee in December 2017 approved a Complaints Policy. Similarly, a Whistleblowing Policy was identified as a requirement within the Annual Governance Statement. As at end February 2018, this was not available. (Implementation Date: 10 April 2018)</p>		
<p>The Complaints Policy is on the website. This is overseen by the Scrutiny Officer. Any complaints would be reported to Directors, together with any learning points / process changes necessary.</p> <p>There have been no corporate complaints received during the time of this audit.</p> <p>A yearly report is planned to be produced to Audit and Governance Committee as part of their annual report.</p>		No recommendations

CORPORATE GOVERNANCE REVIEW

Observations	Priority	Recommendations
<p>RISK MANAGEMENT</p> <p>2017/2018 Observation: At the time of the audit, a risk management strategy had not been developed</p> <p>2017/2018 Recommendation No.11: CPCA has not set out a Risk Management Strategy for the organisation. Training has been provided to the CPCA Audit Committee on their role in assessing the Strategy and risks. Once established the Risk Management Strategy will need to be updated on an annual basis –with approval by the Board following consideration by the Audit Committee. (Implementation Date: 30 September 2018)</p> <p>2017/2018 Observation: At the time of the audit, a risk management strategy had not been developed</p> <p>2017/2018 Recommendation No.12: Once established, there will be a need to embed the concept and use of effective risk management tools across the CPCA. (Implementation Date: 30 September 2018)</p> <p>2017/2018 Observation: Corporate risks need to be approved by the CPCA. Once established, risk registers need to be approved and monitored through the Board and various committees.</p> <p>2017/2018 Recommendation No.13: A corporate risk register is being developed through senior officers which will then be referred to the Board, for appropriate focus and challenge. Every risk identified should be allocated a risk owner who will be responsible for monitoring and challenging performance of the risks they own. It is understood that this will be held through SharePoint on the CPCA intranet. Similarly, risk registers are being developed in silos relating to each individual project area and will need to be linked closely to the overarching vision and corporate values. (Implementation Date: 30 September 2018)</p> <p>2017/2018 Observation: It is unclear what appetite the Board has to risk. Until the RMS has been approved, it will be unclear as to the risk appetite for the CPCA and whether any corporate or operational risks are above tolerance, requiring effective mitigation.</p> <p>2017/2018 Recommendation No.14: Until the RMS has been approved, it will be unclear as to the risk appetite for the CPCA. Initial risk priority matrix should be in place to assess risk against likelihood and impact. This uses a RAG rating model and is used to define frequency of review and to determine when further escalation is required. The CPCA tolerance level will need to be set and agreed by the Board. The current matrix identifies scores 1 – 4 (Green); 5 – 10 (Amber) and 12 – 20 (Red). It is the intention that red scores are deemed to be out of tolerance and will be escalated as appropriate. As the corporate risks have not yet been agreed, it has not been possible to verify / assess the existence and effectiveness of mitigating actions in place. (Implementation Date: 10 April 2018)</p>		
The Risk Strategy has been reviewed and there is engagement from the CPCA with change in place principally in relation to project risks. The Corporate Register is a standard item at monthly Directors Group. At the time of the	Medium	RM1 ...The Risk Register should be reviewed to ensure that it remains relevant and fit for purpose.

CORPORATE GOVERNANCE REVIEW

<p>review the risks on the register, while having widespread area cover of the CPCA activities, was seen to have limited structure in place (RM1). It is noted that work is in progress on this to capture differently i.e. thematic.</p> <p>Controls and actions on the registers have now been split to allow for better monitoring / challenge. There are no “business as usual” risk registers for operational activities established although a number of items are included on the main register e.g. insufficient internal resources (RM2).</p> <p>Project risks are identified within each highlight report. A sample of 4 projects were reviewed to monitor whether risks were changing etc., and whether mitigating actions taken. These covered 2 transport projects, the housing programme and Public Service Reform. Each highlight report had been completed to timescale and the risk levels changed month on month as actions were taken.</p>	Low	<p>RM2: Consideration should be given to establishing a risk register for operational services.</p>
<p>Management Comments</p>		
<p>The original Corporate Risk Register reflected the key risks identified by directors for the organisation. It was open and transparent. Scores were applied and mitigation measure were identified. This was shared with Audit & Governance Committee and updates go to each Committee meeting.</p> <p>RM1. The Risks were reviewed by Directors in January following a thematic approach. The mitigation actions were also reviewed and the status rescored. This was reported to Audit & Governance in March 2019. The Risk register is a standing item on the Directors meeting an updated register will be reported to Audit & Governance Committee in May 2019 in line with our procedures.</p> <p>RM2. Given the size and nature of the organisation at this time, Management does not see the need for there to be operational risk registers, in addition to the project registers and the corporate risk register. The key risks are escalated effectively between the two. The position will be reviewed, and if the CPCA offers and operational services.</p>		
<p>Agreed Actions</p>		
<p>RM1: The risk register is subject to continual review</p> <p>RM2: The position will be reviewed, and if the CPCA offers and operational services.</p>		
Due Date:	Ongoing	Action by: Darren Edey

CORPORATE GOVERNANCE REVIEW

Observations	Priority	Recommendations
<p>PERFORMANCE MANAGEMENT FRAMEWORK</p> <p>2017/2018 Observation: <i>An appropriate performance management framework is required</i></p> <p>2017/2018 Recommendation No.15: <i>The CPCA has not established a performance management framework. As a minimum this should:</i></p> <ul style="list-style-type: none"> • <i>Alignment with corporate objectives</i> • <i>Accountability and responsibility for achievement of measures</i> • <i>Performance measures and how these can be revised</i> • <i>Lessons learned</i> <p><i>This is applicable for corporate performance e.g. in the delivery of projects (recorded in a dashboard) to officer performance e.g. in relation to appraisals etc. Further work will be undertaken in this area in the follow up review. (Implementation Date: 31 December 2018)</i></p>		
<p>Performance management has been developed and reported to the Board on a quarterly basis. These are six indicators which reflect the devolution deal commitments.</p> <p>Quarterly exception reports are provided to Board members on projects with red / amber status which are derived from the project highlight reports. From a sample review, the data flow is consistent.</p> <p>No performance measures have been developed to date for other committees or portfolios (PMF1).</p> <p>Similarly, while there has been a focus on project delivery, there has been no evidence established in relation to performance in relation to staff. Internal Audit have been unable to place any assurance on the HR function (see HR)</p>	Medium	<p>PMF1: The CPCA should consider establishing appropriate performance measures for other committees / portfolios in order to provide effective scrutiny and challenge.</p>
<p>Management Comments</p>		
<p>Majority of this recommendation is agreed, with the performance management processes continuing on a quarterly basis.</p> <p>Performance measures have been developed and are reported to committee meetings. The Transport Committee takes a performance reporting paper to their bi-monthly meetings, which is discussed in detail. The Skills Committee has yet to decide what performance reporting information they would like to see, but discussions have begun to take place with the Chair of the Committee. Further work on project-level management information has been undertaken and this will be integrated with project performance reporting at the six-month Medium-Term Financial Plan review stage.</p>		
<p>Agreed Actions</p>		

CORPORATE GOVERNANCE REVIEW

CPCA will continuing to provide Board members with a quarterly Performance Report, which provides an update on the 6 key indicators and an exception report with projects of a red and amber status. The exception report is created from the monthly highlight reports, and the template for this is be reviewed over the next few months.

Due Date:

September 2019

Action by:

Roberta Fulton

CORPORATE GOVERNANCE REVIEW

Observations	Priority	Recommendations
<p>PROJECT MANAGEMENT</p> <p>2017/2018 Observation: Standardised documentation has not been used for all projects</p> <p>2017/2018 Recommendation No.16: There is a reasonably strong governance structure which has been identified through the Assurance Framework. Project Initiation Documents and Business Cases have been developed for a number of feasibility reviews. In terms of compliance there is some evidence that standard proformas are not consistently used when projects / programmes are initiated. It is acknowledged that there may be specific reasons for this in individual programmes but without a standard methodology being employed oversight and corrective controls will be weakened. Initiation documentation does not confirm the full scope of estimated costs of projects / programmes. Further work will be undertaken in 2018 / 2019 when specific projects will be fully reviewed. (Implementation Date: 31 December 2018)</p>		
<p>There is now a standard template used for the production of monthly project highlight reports. Standardised documentation was approved by Directors in November 2018 and a 10-point guide is being created for assistance on managing projects. This will include a standard suite of project documentation and processes, including key templates Project Managers will require to deliver their projects. It is understood that Overview and Scrutiny Committee discussed and commented on these arrangements and going forward will receive the full list of projects (along with named Directors) on a quarterly basis.</p> <p>A Single Project Register has been created to track the full list of CPCA projects. Internal Audit reviewed a sample of projects and verified compliance. At the time of the audit, it was noted that two schemes had received monies in line with milestone agreements but subsequently were cancelled following determination that existing legislation prevented CA funding being used to deliver homes for affordable rent. Arrangements are in place to recover funds (PM1).</p> <p>Further work is scheduled in within the 2019 / 20 Audit Plan in relation to reviews of projects.</p>	Low	<p>PM1: The CPCA should ensure that appropriate arrangements should be in place to recover monies should schemes not meet the criteria. Similarly, consideration should be given to the potential recoupment of an entitlement to any loss of interest.</p>
<p>Management Comments</p>		
<p>PM1: As was observed, arrangements are in place in our contracts and grant agreements to ensure repayment where required. In commercial agreements we include the ability to charge interest due on late payments and consideration will be given to amending our agreement terms to allow for lost interest costs to be reclaimed where payments are made in error on the part of delivery partners.</p>		
<p>Agreed Actions</p>		

CORPORATE GOVERNANCE REVIEW

Due Date:	September 2019	Action by:	Roberta Fulton
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In addition to the follow up of previous recommendations made in the 2018 review (see above), the governance review was extended to cover the following additional corporate areas to provide further scrutiny of the governance dynamics:

- Declarations of Interest
- Gifts and Hospitality
- Freedom of Information
- Local Code of Governance and the Annual Governance Statement
- Human Resources

CORPORATE GOVERNANCE REVIEW

Observations		Priority	Recommendations
DECLARATIONS OF INTEREST			
<p>Declarations of Interests (DoI) were verified in relation to Members and Officers.</p> <p>Members are required to complete a DoI form which is then published on the website. This process is currently being performed by the Scrutiny Officer and LGSS who provide democratic services reports. It had previously adopted an approach where CPCA would ask members to declare only anything specific to the CPCA with a link to their declarations at their constituent authority. The Interim Monitoring Officer changed the process to a full declaration to the CPCA and, as members are not elected to the CPCA where they would sign a declaration upon being returned, the form now states that they have read, understood and agree to be bound by the CA Code of Conduct. The new form is scheduled to be completed by all members of the Board and Committees after the elections in May 2019 and the annual appointments at the AGM. This will be uploaded through the LGSS committee management system. It is members responsibility to identify whether they have an interest or not and make the appropriate declaration at meetings and they are reminded of this at the start of each meeting. Any declarations are recorded.</p> <p>For officers, the website has declarations from the Interim Chief Executives (DOI1). All staff, including interims / consultants are made aware of the Nolan principles, although nothing is in writing from any. Mandatory governance training for all staff was completed by the Interim Monitoring Officer during January 2019. Reminders were also issued to staff (e.g. staff newsletter before Christmas).</p>		Low	DOI1 ...CPCA should consider extended published declarations to all Directors.
Management Comments			
<p>There is no mandatory requirement through legislation to publish Director declarations. However the Authority regards the concept of Transparency as central to its operation and, on a consideration of a best practice approach. Directors will be requested to complete Declaration forms with a view to their publication on the Authority website. The Authority however would want to point out that, as this is not a strict obligation and is therefore a matter totally in the purview of the organisation.</p>			
Agreed Actions			
See above			
Due Date:	Ongoing review	Action by:	Monitoring Officer

CORPORATE GOVERNANCE REVIEW

Observations		Priority	Recommendations
GIFTS AND HOSPITALITY			
<p>Gifts and Hospitality declarations are at members discretion based on guidance set out in the Constitution. The Members gifts and hospitality register is published on the transparency page of the CPCA website.</p> <p>In relation to officers, CPCA has applied PCC policies in respect of staff. Code of Conduct and Gifts and Hospitality policy applies with the exception that the requirement at the CPCA is to declare gifts over £50. There is no requirement for either officers or members to record offers they have declined. Training has been provided with real examples being given to illustrate both the legal and moral basis for making declarations.</p> <p>The Interim Monitoring Officer also placed an article in the Christmas staff and member newsletter reminding staff of their obligation to declare gifts and hospitality and this will be repeated every six months. All declarations should be made to the Director who should advise whether acceptance is advisable / allowed and who should then sign off the declaration. These are then recorded on spreadsheet (maintained by the Governance Officer). There are no inward reporting it is recommended that should be done half yearly to ensure appropriate internal monitoring (GH1)</p>		Low	GH1 ...Consideration should be given to Directors Group receiving details of Gifts and Hospitality on a ½ yearly basis.
Management Comments			
Agreed			
Agreed Actions			
A half yearly report will be submitted to Directors Group for information and review where necessary			
Due Date:	September 2019	Due Date:	Monitoring Officer

CORPORATE GOVERNANCE REVIEW

Observations		Priority	Recommendations
FREEDOM OF INFORMATION			
<p>Fol requests are maintained through a spreadsheet due to low volume of requests. The approach and process appears reasonable. To assist in transparency, consideration should be given to publishing these on the website (requests can be pointed to responses) (FOI).</p> <p>It is noted that CPCA is constrained by the capability of current website.</p>		Medium	FOI ...CPCA, in line with good practice should consider recording Fol requests / responses on the website.
Management Comments			
<p>FOI1: This process has already been implemented, with FOI responses published at the below URL from 5 March 2019</p> <p>http://cambridgeshirepeterborough-ca.gov.uk/about-us/transparency/freedom-of-information/</p>			
Agreed Actions			
No action required			
Due Date:	Completed	Action By:	Not applicable

CORPORATE GOVERNANCE REVIEW

Observations		Priority	Recommendations
LOCAL CODE OF GOVERNANCE / ANNUAL GOVERNANCE STATEMENT			
<p>The Annual Governance Statement was submitted to Audit Committee March 2018 (responsibility of Monitoring Officer). There are parallels with the separate Assurance Framework and the Code of Corporate Governance. Furthermore, the LEP has its own Assurance Framework in line with BEIS requirements.</p> <p>The LEP Assurance Framework passed a 'deep dive' review by BEIS and has also been subject to review by Internal Audit.</p> <p>The Local Code of Governance and the LEP Assurance Framework are essentially very similar and the decision has been taken to amalgamate into one overarching Assurance Framework (target date set at March 2019), although this overarching document for March 2019 does not need to be approved.</p> <p>The Annual Governance Statement is meant to incorporate issues which may have impacted on the governance during the year together with any future requirements to be addressed. It will need to reflect issues / actions raised by all separate governance reviews so that a formal (central) record of requirements to improve are reported on / maintained (AGS1)</p>		Low	<p>AGS1: All governance reviews and actions should be reflected on within the Annual Governance Statement produced as part of the final accounts for 2018 / 2019.</p>
Management Comments			
<p>All governance reviews and actions were reflected in the 2017/18 Annual Governance Statement. Indeed all of the actions have now been completed. The CPCA will do the same in the 2018/19 Annual Governance Statement when it is completed in line with good practice as it did last year.</p>			
Agreed Actions			
<p>All governance reviews will be included in the Annual Governance Statement as in 2017/18.</p>			
Due Date:	July 2019	Action By:	Monitoring Officer

CORPORATE GOVERNANCE REVIEW

Observations	Priority	Recommendations
HUMAN RESOURCES		
Audit and Governance Committee made the request for the recruitment process to be verified by way of a walk through test on a number of appointments.	Critical	HR1: A fundamental review is required of HR processes and a clear action plan developed to ensure that the key back office function can be delivered. Internal Audit will undertake a full review of this area in 2019 / 2020.
In terms of roles and responsibilities for officers, Internal Audit have been unable to verify Job Descriptions / Person Specifications from Human Resources records. A separate exercise to walk through how the recruitment and selection process works for new employees selected in a sample was unable to be completed. Advice provided from CPCA was that the current structure review was taking priority; there was poor filing of current records; and these was inconsistency in the records maintained. In addition, there has been a high level of turnover within Human Resources. A detailed action plan is required to take this service forward to a deliverable, sustainable level (HR1).	High	HR2: It is imperative that there is a robust HR function which provides appropriate arrangements to monitor staff performance
Similarly, while there has been a focus on project delivery, there has been no evidence established in relation to performance in relation to staff (HR2).		
Internal Audit propose to undertake a full review of Human Resources within the 2019 / 2020 Audit Plan.		
Management Comments		
HR1: It is agreed that the observations and recommendations made by the auditor are mostly accurate as the relatively newly formed CPCA did not, at that time, control its documentation centrally and therefore it was not audit ready. It is also important to highlight that the introduction of the LEP added an unforeseen level of complexity not initially planned for in 2018/19.		
A 12-point plan has been written reflecting the priorities faced by the CPCA and these have been used to form an action plan for the HR function. This plan has been used to create a job description and a person specification used to recruit an HR Manager at the beginning of April. It has also been agreed that the HR function will report directly into the CEX, demonstrating the level of importance and commitment being given to this activity. The HR Manager is also a regular attendee at Director meetings to ensure that this function of the organisation is represented and heard. An HR Assistant has also now been identified and will join the CPCA 20 th May creating a settled structure.		
A number of corrective actions have already been put in place including the transfer of staff from PCC into a single structure, commencement of a review of all contractual arrangements, appointment of a payroll provider, the writing and evaluation of job descriptions for all roles, the writing of 18 Key procedures and a gap analysis is under way to determine any further key policies and processes.		
It is agreed that at the point of review the situation could be considered critical and we put in place corrective actions as outlined above, we would ask that a further review of the HR function in 6 months time to ensure these actions have embedded successfully.		

CORPORATE GOVERNANCE REVIEW

HR2: Due to changes in the policy around incremental pay and the move towards Performance Management, an Appraisal Process will be introduced in the later stages of 2019.

Agreed Actions

Development and implementation of a performance management and appraisal process and individual actions set out above.

Due Date:	October 2019 (see above detail for completion dates of individual actions)	Action by	Martin Jaynes, HR Manager
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INTERNAL AUDIT RECOMMENDATION GRADES

Critical	Extreme control weakness that jeopardises the complete operation of the service. TO BE IMPLEMENTED IMMEDIATELY.
High	Fundamental control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency. To be implemented as a matter of priority.
Medium	Significant control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority. To be implemented at the first opportunity.
Low	Control weakness, which, if corrected, will enhance control procedures that are already relatively robust. To be implemented as soon as reasonably practical.

INTERNAL AUDIT OPINIONS

OPINION	DESCRIPTION
Substantial	The internal control system is well designed to meet objectives and address relevant risks, and key controls are consistently applied. There may be some scope to improve the design of, or compliance with, the control framework in order to increase efficiency and effectiveness.
Reasonable	The internal control system is generally sound but there are some weaknesses in the design of controls and / or the inconsistent application of controls. Opportunities exist to strengthen the control framework and mitigate further against potential risks.
Limited	The internal control system is poorly designed and / or there is significant non-compliance with controls, which can put the system objectives at risk. Therefore, there is a need to introduce additional controls and improve compliance with existing ones to reduce the risk exposure for the Authority.
No	There are significant weaknesses in the design of the internal control system, and there is consistent non-compliance with those controls that exist. Failure to improve controls will expose the Authority to significant risk, which could lead to major financial loss, embarrassment or failure to achieve key service objectives.

FINAL AUDIT REPORT	
CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY: LEP GOVERNANCE	
Date of Report:	April 2019
Audit Opinion:	Reasonable Assurance



CIRCULATED TO / FOR ACTION	
John Hill, Interim Chief Executive	
Kim Sawyer, Interim Chief Executive	
Noel O'Neill, Interim Chief Financial Officer	
Authorised by:	<u>Steve Crabtree, Chief Internal Auditor</u>

Actions:	
Category	No.
Critical	0
High	1
Medium	7
Low	0
Total Actions To Be Addressed	8

The matters raised in this report are only those that came to the attention of the auditor during the course of the review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or part to third parties without prior written consent of the appropriate Director, Head of Service or the Chief Internal Auditor. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

EXECUTIVE SUMMARY

Introduction

The Local Enterprise Partnership (LEP) is a partnership between business and the public sector, predominantly in the Cambridgeshire and Peterborough area, but also covers a number of adjoining authorities and has been created to oversee expenditure on infrastructure and associated investments to deliver growth. The LEP was incorporated into the Cambridgeshire and Peterborough Combined Authority (CPCA) in April 2018. A separate Business Board has been created to fulfil this function and a shadow Board was in operation until September 2018 to allow for recruitment.

The CPCA is the Accountable Body for the Business Board (for both the financial arrangements and governance matters). As the LEP is a recipient of public funds – primarily the Local Growth Fund – the Government requires the LEP to fulfil various governance requirements. Following a national review of LEPs, Central Government¹ has produced a paper which sets out requirements on governance and performance monitoring together with details of a revised National Local Growth Assurance Framework. This replaces the previous LEP National Assurance Framework; the Single Pot Assurance Framework under the Cambridgeshire and Peterborough Devolution Deal and funds added to the Single Pot since then, for example, Adult Education Budgets. The overarching document seeks to provide a common framework of understanding of the assurance required for local growth funding.

The framework should be completed by CPCA and submitted to MHCLG annually. There is a dedicated compliance team in the CLGU who undertake a series of in-depth checks to ensure that the frameworks meets requirements.

Objectives of the Audit

With the amalgamation of the LEP into the CPCA, this audit sought to review the LEPs compliance, or otherwise, with the requirements set out in the National Assurance Framework. This included that:

- The LEP has a local assurance framework in place, as required by the Government's National Assurance Framework
- The LEP is operating under a clear governance framework

This audit was conducted in accordance with proper audit practices, which are set out in the Public Sector Internal Audit Standards (PSIAS). The audit was planned and performed so as to obtain all relevant information and sufficient evidence to express an opinion.

¹ Cities and Local Growth Unit (CLGU); Department for Business Energy and Industrial Strategy (BEIS); and Ministry of Housing, Communities and Local Government (MHCLG)

Main Findings

There has been good progress in establishing a clear framework which brings together the previous arrangements. A number of areas have been identified which need to be addressed to ensure governance as effective. Those identified as requiring attention include:

- Increased transparency in relation to data available and how value for money is achieved;
- Development of a consistent brand identity; and
- Processes in place for the recovery of funds should any project be deemed to have misused public monies etc.

There are a number of other recommendations made to tighten up the framework.

Opinion

The findings of the audit give REASONABLE ASSURANCE on the effectiveness of the governance arrangements that has been established within the Assurance Framework.

Acknowledgement

Internal Audit would like to thank officers consulted in the course of this review for their time and assistance.

Observations	Priority	Recommendations
<p>ASSURANCE FRAMEWORK</p> <p>CPCA has established an overarching Assurance Framework which sets out the roles and responsibilities for the:</p> <ul style="list-style-type: none"> • CPCA; • CPCA membership (including voting or non-voting); • Role of the Mayor; • Role of elected LA Leaders; and • Business Board. <p>These are consistent with the Business Board Constitution which was last reviewed in September 2018. It is due for annual review in future and its next approval is scheduled for the May 2019 meeting.</p> <p>Both the national framework and local framework have been published on the CPCA website (under the Business Board sub-heading). The framework was submitted in March 2019 to various committees for discussion, challenge and subsequent approval. These were the Business Board; CPCA Board and the Audit and Governance Committee.</p> <p>Key elements of the Assurance Framework refer to:</p> <ul style="list-style-type: none"> • Clear rules governing conduct of Board members (as per the “7 Principles of Public Life”) and what scrutiny arrangements are in place; • A clear vision for reporting back to the Board. It has a private sector Chair and majority private sector membership. This includes an SME representative (which is the Chair); • Requirements for membership of any sub-groups and diversity requirements to reflect the local business community; • The Accountable Body ensures that decisions are in line with the Framework. This clarifies circumstances where the Accountable Body would not comply with a decision and sets out the process for resolving these conflicts; • Sets out a requirement for funding proposals to have clearly defined inputs, activities, outputs and outcomes; • Ensures that commercial, financial and management arrangements are appropriate for effective delivery; and • Sets out monitoring arrangements for funded projects and that monitoring and evaluation ties back to the business case. <p>A separate review of the overall CPCA governance arrangements have been undertaken alongside this review to ensure that details within the Framework is consistent as well as in place. These have been reported separately.</p> <p>From our review, the following gaps have been identified in the Framework:</p>		

Observations		Priority	Recommendations
PUBLICATION OF FINANCIAL DATA			
<p>There is a requirement for the transparent publication of financial data. Current information on the website only makes reference to the wind up / closure of the LEP. (It is recognised that the current website remains under development).</p> <p>As a minimum the website should include financial data in relation to:</p> <ul style="list-style-type: none"> • The various projects approved; • Details as to all grants receivable and their allocations; • The closure of the accounts for each year; and • Disclosure of payments made to the Board (see Board remuneration below) 		Medium	<p>Recommendation 1:</p> <p>The CPCA should increase the level of information provided on its website, with particular reference to financial data as outlined in the national framework.</p>
Management Comments			
<p>All payments made on behalf of the Business Board are published in the monthly transparency report by Cambridgeshire and Peterborough Combined Authority.</p> <p>All approvals for new funding are now published and monitored. The quarterly return to BEIS on Growth Fund projects, spend and performance is reported to Business Board and published in the reports, as part of the Business Board agenda. These have now also been uploaded on the Business Board section of the website and will continue to be published going forward to increase transparency.</p> <p>Closure of accounts:</p> <p>2018-19 is the first year in which the CA's accounts would include the LEP's functions and they will not be closed and signed off by Audit and Governance Committee until later in the year. Once signed off the 2018-19 accounts will be published on the CPCA website.</p>			
Agreed Actions			
<p>In addition to publishing the quarterly return to BEIS on growth fund projects, spend and performance, the quarterly returns will be published separately on the Business Board section on the website under "projects" to increase transparency.</p>			
Due Date:	Ongoing - Quarterly	Action by:	Noel O'Neill, Chief Financial Officer Robert Emery / Jon Alsop

[illegible]

Observations		Priority	Recommendations
PROJECT DELIVERY			
<p>A list of current projects published on the website are as at April 2018.</p> <p>As opportunities arise throughout the year to allocate additional funds as bids are received etc. this list should be regularly refreshed so as to demonstrate to the public the regular appraisal / approval of schemes and to the business community the funding may still be available for bidding.</p>		Medium	<p>Recommendation 4:</p> <p>Details on the website should be regularly refreshed as additional projects are approved and funding allocated.</p>
Management Comments			
<p>No new projects were approved until January Business Board as finding had not been released by Government. The BEIS report will be updated on the basis of new decisions.</p> <p>All current projects are now available on the website and will be updated as new projects are agreed, processed and accepted by the recipient.</p> <p>http://cambridgeshirepeterborough-ca.gov.uk/business-board/opportunities</p>			
Agreed Actions			
No further action required			
Due Date:	Ongoing	Action by:	John T Hill, Director Business and Skills

Observations		Priority	Recommendations
ENGAGEMENT			
While the Assurance Framework details how engagement and consultation will be undertaken with local partners and the public it does not demonstrate how the Business Board will evidence that it has been effective.		Medium	Recommendation 5: The CPCA should determine how it will demonstrate effective consultation for each area of activity. This could include, but not limited to, the number of bidders received for funding compared with those successful etc.
Management Comments			
CPCA had undertaken a large consultation with the wider community to deliver the CPIER. Extensive measurement of responses has been undertaken. Business Board has followed this up with a major exercise to create the Local Industrial Strategy that will underpin all of its work. Extensive engagement has enabled the delivery of one of the first Local Industrial Strategies agreed with Central Government. A review of engagement activity and impact will be undertaken as part of the Annual Delivery Plan we produce each year			
Agreed Actions			
The review of engagement for the CPIER and LIS has been drafted and will go up on the Business Board website that covers the past year. Next year a review of engagement will be part of the Annual Delivery Plan.			
Due Date:	From May 2020	Action by:	John T Hill, Director Business and Skills

Observations		Priority	Recommendations
BOARD REMUNERATION			
<p>The Assurance Framework states that Business Board members will be based on its scheme and this is also reflected within the Constitution.</p> <p>We have not been able to locate the said scheme. It is assumed that no monies have been paid to date.</p> <p>As part of the published financial data on the website, it would be prudent to publish details as to any payments made, even if this is a NIL return.</p>		Medium	<p>Recommendation 6:</p> <p>There should be an annual declaration of all payments made to Board members and this should be published on the website.</p>
Management Comments			
<p>The Business Board did agree an interim allowance for the Chair and an interim expenses scheme for other Board members. The interim expenses scheme and the schedule of payments have been published on the website. Link below</p> <p>http://cambridgeshirepeterborough-ca.gov.uk/business-board/governance/</p> <p>An Independent Remuneration Scheme has been established to consider an allowance scheme for the Business Board membership, and this is due to report to the Business Board and Combined Authority Board after May 2019. The scheme and any allowances paid under the scheme will be published in 2019/20</p>			
Agreed Actions			
When an allowance and expenses scheme is approved, it will be published on the Business Board website.			
Due Date:	Following agreement of any scheme by the Business Board	Action by:	Howard Norris, Monitoring Officer

Observations		Priority	Recommendations
GOVERNMENT BRANDING			
<p>There is a requirement that all schemes follow strict government guidelines in relation to their branding.</p> <p>There is no reference to this within the Framework and hence it is unclear how this has been addressed in relation to government branding guidelines for projects</p>		Medium	<p>Recommendation 7:</p> <p>Details in relation to specific branding requirements should be included on the website.</p>
Management Comments			
<p>Agreed. We will look at consistency across the Business Board activity.</p> <p>The website has recently been reviewed to ensure it complies with Government branding requirements. Beyond website branding we will create guidance for our organisation so that social media, signage etc. expectations are clear for every Government funded project</p>			
Agreed Actions			
Create guidance for our organisations so that social media, signage etc. expectations are clear for every Government funded project			
Due Date:	November 2019	Action by:	<p>John T Hill, Director Business and Skills</p> <p>Paul Raynes, Director Delivery and Strategy</p>

Observations		Priority	Recommendations
RECOVERY OF FUNDING			
<p>While each project should have been appropriately assessed through its business case prior to have been granted funding and monitored through its life, there may be occasions when projects fail.</p> <p>Currently, there are no arrangements established should there be the need to recover funding where there has been non-compliance, misrepresentation or under performance.</p>		High	<p>Recommendation 8:</p> <p>In order to meet the Framework requirements to protect public funds, the CPCA should establish appropriate processes for the recovery of any funding deemed to have not met agreed standards or misused.</p>
Management Comments			
<p>All Growth Fund schemes have a funding agreement that sets out the outputs that are required and the schedule of payments that are to be paid. These are examined at each point in the claim. There is a requirement as in recommendation 3 to review projects on completion. This has already been identified and action taken.</p> <p>Some action is underway on a completed scheme that has now ceased to trade.</p>			
Agreed Actions			
Review funding agreements to make it clearer what our recovery action will be.			
Due Date:	October 2019	Action by:	Noel O'Neill, Chief Financial Officer Robert Emery, Jon Alsop

INTERNAL AUDIT RECOMMENDATION GRADES

Critical	Extreme control weakness that jeopardises the complete operation of the service. TO BE IMPLEMENTED IMMEDIATELY.
High	Fundamental control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency. To be implemented as a matter of priority.
Medium	Significant control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority. To be implemented at the first opportunity.
Low	Control weakness, which, if corrected, will enhance control procedures that are already relatively robust. To be implemented as soon as reasonably practical.

INTERNAL AUDIT OPINIONS

OPINION	DESCRIPTION
Substantial	The internal control system is well designed to meet objectives and address relevant risks, and key controls are consistently applied. There may be some scope to improve the design of, or compliance with, the control framework in order to increase efficiency and effectiveness.
Reasonable	The internal control system is generally sound but there are some weaknesses in the design of controls and / or the inconsistent application of controls. Opportunities exist to strengthen the control framework and mitigate further against potential risks.
Limited	The internal control system is poorly designed and / or there is significant non-compliance with controls, which can put the system objectives at risk. Therefore, there is a need to introduce additional controls and improve compliance with existing ones to reduce the risk exposure for the Authority.
No	There are significant weaknesses in the design of the internal control system, and there is consistent non-compliance with those controls that exist. Failure to improve controls will expose the Authority to significant risk, which could lead to major financial loss, embarrassment or failure to achieve key service objectives.



AUDIT AND GOVERNANCE COMMITTEE	AGENDA ITEM No:
31st MAY 2019	PUBLIC REPORT

1.0 COMBINED AUTHORITY BOARD UPDATE

<u>RECOMMENDATIONS</u>
Lead Officer: Kim Sawyer – Interim Chief Executive Officer
<p>The Audit and Governance Committee are recommended to:</p> <p>a) consider the updates provided following the meetings of the Board held on the 26th September, 31st October, 28th November 2018, 30th January, 27th February and 27th March 2019</p>

2.0 BACKGROUND

- 2.1 This report provides an update on the activities of the Cambridgeshire and Peterborough Combined Authority (CPCA) Board meetings since September 2018 to date.
- 2.2 The decision sheets from those meetings are attached as appendices for the Audit and Governance Committees consideration.

3.0 RECOMMENDATION

- 3.1 That the Audit and Governance Committee are recommended to consider the update provided following the meetings of the Board held on the 26th September, 31st October, 28th November 2018, 30th January, 27th February and 27th March 2019

4.0 FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the report

5.0 LEGAL IMPLICATION

5.1 There are no direct legal implications arising from the report,

6.0 APPENDICES

- 6.1 Appendix A- Decision Sheet for CPCA Board meeting 6th September 2018
- 6.2 Appendix B- Decision Sheet for CPCA Board meeting 31st October 2018
- 6.3 Appendix C- Decision Sheet for CPCA Board meeting 28th November 2018
- 6.4 Appendix D- Decision Sheet for CPCA Board meeting 30th January 2019
- 6.5 Appendix E- Decision Sheet for CPCA Board meeting 27th February 2019
- 6.6 Appendix F- Decision Sheet for CPCA Board meeting 27th March 2019

<u>CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY-</u>	
Decision Summary	
Meeting: 26 th September 2018 http://cambridgeshirepeterborough-ca.gov.uk/meetings/cambridgeshire-and-peterborough-combined-authority-board-4/?date=2018-09-26	

Item	Topic	Decision
	Part 1 – Governance Items	
1.1	Announcements, Apologies and Declarations of Interest	The Mayor introduced and welcomed Aamir Khalid who had been elected Chair of the Business Board at its meeting on 24 September 2018. Apologies were received from Councillor K Reynolds. Councillor Count declared a conflict of interest in relation to Agenda Item No.2.5, and explained that he would be acting in his capacity as Leader of Cambridgeshire County Council rather than Combined Authority Portfolio Holder for Investment and Finance in relation to this item.
1.2	Minutes – 25th July 2018	It was resolved to approve the minutes of the meeting of 25th July 2018 as a correct record.
1.3	Petitions	None received.
1.4	Public Questions	Two questions were received. A summary of the questions and responses is published at the following Cambridgeshire and Peterborough Combined Authority meeting 26/09/2018
1.5	Forward Plan	The Board approved the draft Forward Plan of Executive Decisions, which listed decisions up to 29 May 2019, dated to be published on 1 October 2018.

1.6	Membership of Combined Authority and Committees - Amendments	<p>The Board was advised of amendments to its substitute membership and amendments to the membership of the Overview and Scrutiny Committee. It was resolved to:</p> <ul style="list-style-type: none"> a) note the appointment by Cambridge City Council of Councillor Anna Smith as its substitute member on the Combined Authority Board for the remainder of the municipal year 2018/2019. b) note the appointment by Cambridge City Council of Councillor Dave Baigent as one of its substitute members on the Overview and Scrutiny Committee for the remainder of the municipal year 2018/2019. c) note the appointment by Peterborough City Council of Councillor June Stokes as one of its members on the Overview and Scrutiny Committee for the remainder of the municipal year 2018/19.
1.7	Review of Constitution – Committee Structure and Other Related Matters	<p>The Board was reminded that it agreed at a previous meeting to establish three committees. It therefore considered proposed amendments to the constitution to take account of this decision. It was resolved:</p> <ul style="list-style-type: none"> a) to approve the amendments to the constitution as set out in Appendix 1 of the report and summarised below. b) to note and agree the Mayor's nominations to portfolios and the membership of the committees including the Chairs of committees as set out in Appendix 2. c) that the Overview & Scrutiny Committee be advised of the amendments to the constitution to include the Overview & Scrutiny Committee's rights to call in these executive committee decisions. d) that a 6 month review of the committee process be undertaken and brought back to the Combined Authority Board in March 2019.
1.8	Audit and Governance Committee – Annual Report and Constitution Review	<p>The Board was asked to note the Audit and Governance Committee Annual Report. It was resolved to:</p>

		<ul style="list-style-type: none"> a) note the Audit and Governance Committee Annual Report and provide any feedback to the Committee. b) request that the Chief Finance Officer for the Business Board update the Audit and Governance Committee's Terms of Reference to reflect their role in regard to the Business Board for approval by a future meeting of the Board upon the recommendations of the committee.
1.9	Overview & Scrutiny Committee - Recommendations	<p>Councillor Nethsingha presented a report proposing a public question scheme for the Committee, and requesting a budget be allocated for the Overview and Scrutiny Committee to help support future work. It was resolved to:</p> <ul style="list-style-type: none"> a) agree that the Overview and Scrutiny Committee adopt a public question scheme as outlined in Appendix 2 of the report and that the constitution be amended accordingly. b) agree that an annual budget of £20k be available in the Combined Authority budget to support the work of the Overview and Scrutiny Committee; funds to be allocated subject to specific work programmes.
1.10	Government review of LEPs - Strengthened Local Enterprise Partnerships	<p>The Government had launched a review of LEPs across the UK on 24 July 2018 with a requirement to respond to the question of geography by 28 September 2018, and separately on governance and performance matters by 31 October 2018. The Board was asked to agree the draft response from the Business Board on the question of geography. It was resolved to:</p> <ul style="list-style-type: none"> a) act as the Accountable Body agree the draft response to Government from the Business Board as set out in Appendix A. b) agree the position on a coterminous boundary between the Local Enterprise Partnership area and Combined Authority area for submission to the Government. c) agree that any final insubstantial amendments that are required prior to submission of the response to Government.

1.11	Appointment of Interim Chief Finance Officer (s73)	<p>The Board considered a report on the process which had led to the appointment of Karl Fenlon as Interim Chief of Finance and was asked to appoint Mr Fenlon as interim s73 Chief Finance Officer. It was resolved to:</p> <p>appoint Karl Fenlon as interim s73 Chief Finance Officer to the Combined Authority</p>
1.12	Interim Arrangements for Chief Executive	<p>The Board was asked to consider interim management arrangements following the resignation of Martin Whiteley, Chief Executive, Cambridgeshire and Peterborough Combined Authority (CPCA). It was resolved to:</p> <ul style="list-style-type: none"> (i) appoint Kim Sawyer, Legal Counsel and Monitoring Officer, CPCA and John Hill, Chief Executive, East Cambridgeshire District Council as interim Chief Executives of the CPCA until 31st March 2019 (or until the appointment of a permanent Chief Executive, whichever is the sooner). (ii) appoint Patrick Arran as the CPCA interim Monitoring Officer until 31st March 2019 (or until the appointment of a permanent Chief Executive, whichever is the sooner).
	Part 2 – Combined Authority Matters	
2.1	Housing Strategy	<p>The Board considered a report which set out an innovative and bold strategy to address the shortage in housing in all tenures in the area as quickly as possible. It was resolved to:</p> <ul style="list-style-type: none"> a) agree the approach to delivering the Housing Strategy set out in the 31Ten report in Appendix 1 of the report. b) agree the concept of creating a revolving fund of monies from within the £100m programme for housing investment, to run within and beyond the 5 year programme.

2.2	Affordable Housing Programme- Cambridge City Council £70m 2018/2019 Budget	<p>The Board considered a report detailing the baseline and current forecast programme expenditure and a specific request for the budget approval for the financial year 2018/19 to enable payments to be made to Cambridge City Council in accordance with claims and monitoring processes. It was resolved to:</p> <ul style="list-style-type: none"> a) note the expenditure profile for 2018/19 financial year in respect of the Cambridge City Council £70 million, as part of the Authority's £170 million Affordable Housing Programme. b) approve the carry forward of 2017/18 approved budget of £387,041 to 2018/19. c) approve 2018/19 budget provision of £14,669,959, giving a 2018/19 total budget of £15,057,000 to enable the programme to proceed.
2.3	Public Service Reform: Health and Social Care Proposal	<p>The commitment by partners to progress health and care transformation was enshrined within the Devolution Deal. There was a need to take this commitment forward given that the area's health economy was one of the most challenged in the country. It was resolved to:</p> <ul style="list-style-type: none"> a) note the devolution deal commitment to, and the economic and administrative case for, taking action to implement new models of public service delivery. b) agree the proposal to design an innovative Cambridgeshire and Peterborough health and social care proposition based on further devolution which makes the case to Government for the further transfer of resources, decision-making and accountability relating to health and social care. c) agree the establishment of an independent Public Service Reform and Innovation Commission which will support, inform and challenge the development of the Cambridgeshire and Peterborough health and social care proposition. d) agree the commitment of up to £450,000 in 2018/19 from within the existing approved allocation for Public Sector Reform in the Medium Term Financial Plan (MTFP).

2.4	Soham Rail Station- Budget Update	<p>The Combined Authority had assumed responsibility for the Soham Rail station from the County Council in June, 2018. The Authority had already allocated £1.5m to the delivery of the current phase, and an additional £1.7m was required to continue with the completion of GRIP 3. It was resolved to:</p> <ul style="list-style-type: none"> a) approve a budget of £1.7m for GRIP Stage 3 for the acceleration and delivery of the Soham Rail Station. b) agree the DSA novation in principle and delegate to the Chief Finance Officer and Monitoring officer, in consultation with the Chair of the Transport Committee, to agree the terms of the novation. c) note that verbal commitments have taken place to progress this project at an accelerated pace and identify opportunities for early delivery. d) agree that an update will be provided to the CPCA Board, or other nominated meeting, prior to the end of GRIP Stage 3 to outline progress to date and identify the CPCA's requirements for the delivery of GRIP Stages 4 – 8. e) note how this work fits within the opportunities that have been identified to accelerate the transport projects; as reviewed in the July board.
2.5	Business Rate Pilot	<p>The Board received a report detailing the one year business rate retention pilot bid to the Ministry of Housing, Communities and Local Government. It was proposed that all councils would be compensated for their expected business rates for the year. It was resolved to:</p> <ul style="list-style-type: none"> a) ratify the Cambridgeshire and Peterborough 2019-20 Business Rates pilot bid submitted to MHCLG on the 25th September 2018.
	Part 3- Business Board matters	
3.1	Business Board Recommendations of the last meeting	<p>The Board noted the recommendations of the meeting of the Business Board held on 23 July and received an oral update of the meeting held on 24 September 2018.</p>

3.2	Membership of Business Board	<p>The Board considered a report detailing the membership of the Business Board, following a recruitment campaign and interview process for private sector members. It was resolved to note:</p> <ul style="list-style-type: none"> a) note the appointments of private sector members of the Business Board as set out in paragraph 2.16 of the report. b) note the appointment of Aamir Khalid as Chair and Andy Neely as Vice Chair of the Business Board. c) approve the Business Board's nomination of Aamir Khalid as a member of the Combined Authority Board to represent the Business Board and Andy Neely as his substitute member.
3.3	Cambridgeshire & Peterborough Independent Economic Review	<p>The Board was informed that the Cambridgeshire and Peterborough Independent Economic Review (CPIER) had been published and that it was going to be used as evidence for the Local Industrial Strategy. It was resolved to:</p> <ul style="list-style-type: none"> a) welcome the publication of the Cambridgeshire and Peterborough Independent Economic Review (CPIER) as a major milestone in the development of our Local Industrial Strategy and all 14 recommendations contained within the CPIER report. In doing so it agreed that these recommendations would form the basis of work undertaken by the Combined Authority in the development of a tailored Local Industrial Strategy which would incorporate the development of Growth, Business Investment, Skills Development, Housing and Spatial Planning Strategies. b) provide any initial opinions on the findings of the CPIER, in advance of the upcoming engagement sessions.
3.4	Growth Prospectus 2018/19-	<p>The Business Board had approved the Growth Prospectus on 24 September 2018. The provisional date for the launch would be 8 October 2018. It was resolved to:</p> <ul style="list-style-type: none"> a) agree the draft Growth Prospectus 2018/19 and the programmes contained therein, subject to final version to be signed off by Chief Executive (Acting).

		<p>b) agree provisional allocations for each programme within the Prospectus, subject to review and cashflow within Growth Deal and Growing Places Fund budgets.</p> <p>c) agree processes for due diligence and appraisal, subject to review; and</p> <p>d) note that applications and business cases will be brought to the Business Board for consideration and recommendation to the Combined Authority, from November 2018 onwards.</p>
	Part 4- Motion submitted under Committee Procedure Rule 14	
4.1	<p>Motion from Councillor Bridget Smith:</p> <p>That the Combined Authority urgently commissions an organisation with suitable expertise to conduct an independent, full organisational review to be reported to the Combined Authority Board and senior officers, and to then be published in full. The review to include: delivery objectives for 2018/2019; governance, top to bottom staffing, operations and project delivery.</p>	The Board discussed the motion proposed by Councillor Smith and seconded by Councillor Herbert. On being put to the vote, the motion was lost.
	Part 5- Date of next meeting	
5.1	<p>Date: Wednesday, 31 October 2018 Council Chamber, Peterborough City Council Town Hall; Bridge Street, Peterborough PE1 1HG</p>	It was resolved to note the date of the next meeting.

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY	
Decision Statement	
Meeting:	31st October 2018
Minutes:	Cambridgeshire & Peterborough Combined Authority

Summary of decision taken at this meeting

Item	Topic	Decision
	Part 1- Governance Items	
1.1	Announcements, Apologies and Declarations of Interest	<p>The Mayor welcomed Patrick Arran to his first meeting since his appointment as Interim Monitoring Officer.</p> <p>Apologies were received from J Ablewhite, Police and Crime Commissioner, substituted by R Bisby, Deputy Police and Crime Commissioner.</p> <p>There were no declarations of interest.</p>
1.2	Minutes – 25th July 2018	<p>It was resolved to:</p> <p>a) approve the minutes of the meeting of 26 September 2018 as a correct record.</p>
1.3	Petitions	None received.
1.4	Public Questions	A question was received from Councillor Chris Boden, however he was not in attendance so his written question was read to the board.

1.5	Forward Plan	<p>The Board reviewed the Forward Plan of Executive Decisions which was published on 29 October 2018.</p> <p>It was resolved unanimously to:</p> <p>a) note the Forward Plan.</p>
1.6	Appointment to Business Board	<p>The Board considered a recommendation to appoint Councillor Wayne Fitzgerald as substitute for Councillor Charles Roberts on the Business Board in place of Councillor Anna Bailey.</p> <p>It was resolved unanimously to:</p> <p>d) appoint Councillor Wayne Fitzgerald as substitute for Councillor Charles Roberts, Portfolio for Economic Growth on the Business Board</p>
1.7	Membership of the Combined Authority and Committees - Amendments	<p>The Board considered changes to the substitute membership of the Combined Authority Board and Overview and Scrutiny Committee.</p> <p>It was resolved unanimously to note:</p> <p>a) the appointment by Cambridgeshire County Council of Councillor Ian Bates temporarily as its substitute member on the Combined Authority Board</p> <p>b) the appointment by Peterborough City Council of Councillor Shaz Nawaz as one of its substitute members on the Overview and Scrutiny Committee for the remainder of the municipal year 2018/19</p>
	Part 2- Combined Authority Matters	
2.1	£100m Housing Programme - Scheme Approvals	<p>The Board considered a report detailing a new scheme to consider in the context of the overall investment pipeline for the Combined Authority's £100m programme.</p> <p>It was resolved unanimously to:</p>

		c) commit grant funding of £1.634m from the £100m Affordable Housing Programme to support delivery of new affordable housing scheme at Lion Works, Station Road, Whittlesford.
2.2	Commission of the Local Transport Plan	<p>The Board considered a report seeking confirmation of the scope and outputs proposed in the commission of the Local Transport Plan (LTP) for the Combined Authority area.</p> <p>It was resolved unanimously to:</p> <ul style="list-style-type: none"> c) agree the scope of the Local Transport Plan for the Combined Authority d) agree the stakeholder engagement strategy
2.3	East-West (North) Corridor – A47 Dualling Study – Strategy, Phasing and Prioritisation Stage 0	<p>The Board considered a request to approve additional funding of up to £1m consisted of £800k to establish a supply chain and meet County Council and land costs plus a £200k contingency fund.</p> <p>It was resolved unanimously to:</p> <ul style="list-style-type: none"> a) note the findings of the revised A47 Strategic Outline Business Case, and Options Appraisal Report which confirms that a strong case exists for the dualling of the whole section of the route. b) note the three identified route options being developed to the standards of both HE DCO Compliant PCF Stage 0 and SGAR. c) approve the continuation of Skanska consultancy support via the existing Cambridgeshire County Council framework arrangement and Budget of additional funding of up to £1,000,000, (at a level of £800,000 plus £200,000 contingency subject to CEO / CFO release) for the development of HE DCO Compliant PCF Stage 0 products to achieve a Green SGAR approval. d) note the need to identify funding for a contribution towards the development stage of up to £30,000,000 of an estimated total £60,000,000 over the period 2019 to 2025 as a contribution to the design and development of the preferred route. e) delegate authority to the Transport Director, in consultation with the Chairman of the Transport Committee, to consider and negotiate the concept of amending the continuation or cessation of

		the current proposed Highways England Intervention at Guyhirn, to then utilise the funding in the development of the wider scheme.
2.4	Cambridge Autonomous Metro: Update	<p>The Board received an update on the CAM project and specifically on the decisions taken at the July Board.</p> <p>It was resolved by a majority to:</p> <ul style="list-style-type: none"> a) note the progress of the CAM project towards the production of the Strategic Outline Business Case by December 2018 b) agree the outcomes of the review of the A429 Camborne to Cambridge project, following the pause agreed at the July Combined Authority Board meeting c) note the progress of the work to assess the potential delivery models to ensure the priority transport projects (including the CAM) can be delivered at pace.
2.5	A605 Kings Dyke Level Crossing Closure	<p>The Board considered a request for funding to enable the construction of King's Dyke level crossing closure scheme to proceed to completion in 2020, following the completion of detailed design.</p> <p>It was resolved unanimously to:</p> <ul style="list-style-type: none"> a) note the independently reviewed Business case supporting the progression of the scheme as value for money b) agree to provide funding contribution of up to £16.4m over the original £13.6m allocation to enable the scheme to progress to construction c) agree the apportionment of 40 / 60 as a split of any under / over spend against the above budget between Cambridgeshire County Council and the Combined Authority as set out in the report.
2.6	Performance Reporting	<p>The Board considered future performance reporting arrangements.</p> <p>It was resolved unanimously to:</p>

		c) agree the proposed performance reporting arrangements described in this paper.
	PART 3- Date of Next Meeting	
3.1	Wednesday, 28 November 2018 Council Chamber, Fenland Hall, County Road, March PE15 8NQ	

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY	
Decision Statement	
Meeting:	28th November 2018
Minutes:	<u>Cambridgeshire & Peterborough Combined Authority Decision Statement</u>

Summary of decisions taken at this meeting

Item	Topic	Decision
	Part 1 – Governance Items	
1.1	Announcements, Apologies and Declarations of Interest	<p>Apologies were received from Councillor B Smith (substituted by Councillor A Van de Weyer) and Councillor S Count (substituted by Councillor I Bates)</p> <p>Declarations of interest were made in relation to Item 6.1: £100m Affordable Housing Programme – Scheme Approvals by Councillor C Roberts and John Hill as Directors of the East Cambridgeshire Trading Company.</p> <p>The Mayor stated that he did not consider that he had any interest to declare in relation to Item 1.6: Members’ Allowances Scheme.</p>
1.2	Minutes – 31st October 2018	It was resolved to approve the minutes of the meeting of 31st October 2018 as a correct record.
1.3	Petitions	None received.
1.4	Public Questions	None received.
1.5	Forward Plan	It was resolved to note the Forward Plan.

1.6	Members' Allowances Scheme	<p>The Combined Authority Board was asked to agree that the independent Remuneration Panel be requested to review the Members' Allowance Scheme in relation to the Mayor's allowance and to consider the payment of a standard allowance for any independent commissions set up by the Combined Authority. It was also asked to ratify the decisions taken by the Business Board in relation to convening an Independent Remuneration Panel to consider the level of allowances payable to the Chair, Vice-Chair and other private sector board members on the Business Board.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> e) review the Members' Allowance Scheme (Mayor's Allowance); f) consider the payment of allowances/expenses to those appointed to any independent commissions set up by the Combined Authority; and g) ratify the decisions of the Business Board reported orally at the meeting.
PART 2- Finance		
2.1	£2019/20 Draft Budget and Medium Term Financial Plan 2019 to 2023	<p>The Combined Authority Board was asked to approve the draft revenue and capital budgets for 2019/20 reflecting the current priorities and available resources and a medium term financial plan (MTFP). It was resolved to:</p> <ul style="list-style-type: none"> d) agree the draft revenue budget for 2019/20 and the MTFP to 2023 to go forward for consultation with wider stakeholders; e) agree the draft capital programme to go forward for consultation with the wider community. f) that each element of the annual Combined Authority overheads budget be urgently reviewed and overheads spend significantly reduced for 2019/2020 from the projected figures when the annual budget is published in February 2019.
2.2	Budget Monitor Update	<p>The Combined Authority Board considered a report providing a mid-year update of actual expenditure to date against the 2018/19 budget as presented to the Board in May 2018 as part of the draft Medium Term Financial Plan.</p>

		<p>It was resolved to:</p> <ul style="list-style-type: none"> a) note the half year financial position of the Combined Authority for the year to 31 March 2019. b) agree the provisional outturn for 2018/19.
	PART 3- Combined Authority Matters	
3.1	Wisbech to March Rail – Grip 3b Study	<p>The Combined Authority Board considered a report outlining the proposed plans for the Wisbech to March Rail project.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> a) approve the budget of £1,500,000 (£1,300,000 estimated cost and £200,000 contingency for Chief Executive Officer/Chief Finance Officer discretionary release) as a proportion of the £3.25m indicated in March 2018 as part of the potential £6.5m Wisbech Garden Town funding, and b) agree to delegate authority to the Transport Director to appoint a supplier to deliver the study as successful tenderer in the current procurement exercise, and c) agree to delegate authority to the Transport Director to negotiate with all relevant stakeholders both in regard of the exploration of the rail link and low cost non-heavy rail alternative, in consultation with the Chairman/woman of the Transport Committee.
3.2	Response to the Cambridgeshire and Peterborough Independent Economic Review (CPIER): A Growth Ambition Statement	<p>The Combined Authority Board considered a report recommending a formal response to recommendations of the Cambridgeshire and Peterborough independent Economic Review (CPIER).</p> <p>It was resolved to:</p>

		<ul style="list-style-type: none"> a) agree the response to the CPIER main recommendations at Annex B; b) adopt the Growth Ambition Statement at Annex A; c) mandate officers to ensure consistency with the Growth Ambition Strategy in developing future strategy documents and business plans for transport, planning, business and skills, including reviewing previously agreed timescales to make aligning content more feasible. d) The Mayor and Combined Authority commence producing a comprehensive funding strategy for CAM Metro, covering both capital and operating cost, ahead of further decisions on CAM, and on the need for Mayoral Development Corporations as potential funding sources.
3.3	Performance Reporting	<p>The Combined Authority Board considered a report providing a first quarterly update under the new performance reporting process agreed by the Board.</p> <p>It was resolved to note the November Delivery Dashboard.</p>
	PART 4- Business Board Recommendations to Combined Authority	
4.1	Growth Fund Projects	<p>The Combined Authority considered a report outlining the Growth Prospectus approved by the Business Board in September 2018. It was resolved to note the decisions of the Business Board and, subject to confirmation from Government that local growth funds had been released for allocation by the Business Board, to:</p> <ul style="list-style-type: none"> a) accept and approve recommendations from officers of small grant awards to Small and Medium Enterprises (SMEs) totalling £19,490. b) agree delegated authority to approve small grants to SMEs between £2,000 and £20,000 to Director of Business & Skills subject to Section 151 Officer approval, and regular reporting to the Business Board.

		c) give approval to procure and appoint independent project appraisers of business cases over £20,000.
4.2	Eastern Agri-Tech Growth Initiative	<p>The Combined Authority considered a report informing the Business Board about the Eastern Agri-Tech Growth Initiative which had transferred over from the previous Local Enterprise Partnership and asked the Business Board to recommend to the Combined Authority Board that the initiative should continue until March 2021 with associated funding.</p> <p>It was resolved to note the decisions of the Business Board and, subject to confirmation from Government that local growth funds have been released for allocation by the Business Board, to:</p> <ul style="list-style-type: none"> a) agree that the Eastern Agri-Tech Growth Initiative should continue across the existing geographical areas of both the BB and New Anglia Local Enterprise Partnership (NALEP); b) agree a funding allocation of £4m from new Growth Deal funding; c) agree the Terms of Reference for the Eastern Agri-Tech Programme Board. d) delegate authority to the Eastern Agri-Tech Programme Board to make decisions about applications for grant funding on behalf of both the CA/BB and NALEP; e) agree that the Eastern Agri-Tech Programme Board should become a Sub-Board of the BB, and f) agree that a member of the BB, nominated by the BB, should become Chair of the Eastern Agri-Tech Programme Board.
4.3	<p>Growth Deal</p> <p>(a) Wisbech Access Strategy – Summary of study work and request to proceed to delivery of</p>	<p>The Combined Authority Board considered a report asking approval from the Business Board for the full release of the previously allocated £10.5m Growth Deal investment in October 2017. It was resolved to note the decisions of the Business Board and, subject to confirmation from Government that local growth funds have been released for allocation by the Business Board, to:</p>

	<p>design with simultaneous construction of phase 1 interventions</p> <p>(b) M11 Junction 8 Improvement Project</p>	<ul style="list-style-type: none"> a) approve a budget of £10,500,000 to enable the procurement of an appropriate design and build contractor to immediately commence the delivery of an overlapped phased design and construction programme. b) delegate authority to the Transport Director, in consultation with the Chair of the Transport Committee, at key gateway stages to deliver this package of works on behalf of the Business Board. c) subject to BEIS Ministerial approval of the release of future Growth Deal funds, release of the £10.5m Growth Deal funding for the delivery of this vital scheme for the housing and economic growth of Wisbech. <p>The Combined Authority Board considered a report detailing the M11 Junction 8 improvement project that is being led by Essex County Council (ECC) and requests that the Business Board support the recommendation to release £1million of Growth Funding towards this project. It was resolved to:</p> <p style="padding-left: 40px;">release the £1m Growth Deal funding to Essex County Council, to support the delivery of the range of improvements outlined within this paper for the M11 Junction 8.</p>
4.4	The Greater South East Energy Hub – Rural Community Energy Fund	<p>The Combined Authority Board considered a report asking to approve the inclusion of the RCEF as an additional funding support offer by the Greater South East Energy Hub in advance of final agreement by Combined Authority as Hub Accountable Body.</p> <p>It was resolved to note the decisions of the Business Board and, subject to confirmation from Government that local growth funds have been released for allocation by the Business Board, to:</p> <p style="padding-left: 40px;">agree that the Greater South East Energy Hub assumes the RCEF management role.</p>

	Part 5- Skills Committee Recommendations to Combined Authority	
5.1	University of Peterborough – Review and Evaluation for Phase 1 and 2 of the Programme	This report was withdrawn as there was no recommendation from the Skills Committee to the Board to agree.
5.2	Adult Education Budget Devolution	<p>The Combined Authority Board considered a report that sought to secure support to the proposal for progressing with the next steps of the Devolution of the Adult Education Budget (AEB) and its implementation by agreeing to the proposal for financial sustainability in AEB delivery, the progress towards the devolution programme, and the role of the Skills Committee in governing the AEB programme post 2019.</p> <p>It was resolved by a majority to note the recommendations of the Skills Committee and to:</p> <ul style="list-style-type: none"> a) approve business case requesting a top slicing allocation up to 4.9% to ensure the delivery of the AEB is resourced appropriately. b) approve the proposed commissioning approach for the CPCA devolved AEB. c) authorise officers to enter into a negotiated grant commissioning process to develop and work with the 15 indigenous and contiguous Cambridgeshire and Peterborough Colleges and Local Authority providers currently grant funded by the Education Skills Funding Agency. (This would mean disinvestment in the remaining 120 Grant funded providers spatially distant from Cambridgeshire & Peterborough.) d) agree to procure contracts for services for all other providers, including Independent Training Providers, Further Education Institutions based outside of the CPCA area and other organisations (which might include the voluntary & community sector). Further to give delegated authority to the Director of Business & Skills to award contracts.

5.3	Skills Prioritisation Plan - Careers Enterprise Company	<p>The Combined Authority Board considered a report informing the Skills Committee of the next steps in the delivery of the Careers Enterprise Company (CEC) contract and to seek support for the proposed ways of working in the delivery of the contract post March 2019.</p> <p>It was resolved:</p> <ul style="list-style-type: none"> (a) to approve that the CPCA cease resourcing the Careers Enterprise Company contract for delivery. (b) that delegated authority be provided to the Portfolio Holder and Director of Business and Skills to engage with the CEC to identify potential local partners to undertake the remaining CEC Delivery Contract.
	Part 6 - Combined Authority Matters	
6.1	£100m Affordable Housing Programme - Scheme Approvals	<p>The Combined Authority Board considered a report seeking approval for the provision of a 2 year repayable commercial loan facility capped at £24.4m to the East Cambridgeshire Trading Compact (ECTC) to purchase a site currently comprising 88 empty houses and land.</p> <p>It was resolved by a majority to:</p> <ul style="list-style-type: none"> a) approve the provision of a commercial loan facility of £24.4m to East Cambridgeshire Trading Company (ECTC) for a scheme of 92 units based on the heads of terms detailed in Appendix 1. b) authorise the Director, Housing to bring forward commercial proposals for the CPCA to joint venture as a development partner with ECTC for the delivery of up to 62 additional homes on the undeveloped infill land, once the land has been acquired. c) authorise the Director, Housing in consultation with Legal Counsel and Portfolio Holder Fiscal to conclude any necessary legal documentation to secure the loan, to include a charge upon the land.

	Part 6- Finance- Part 2 item	
6.2	Exclusion of Press and Public	<p>It was resolved:</p> <p>that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed -information relating to the financial or business affairs of any particular person (including the authority holding that information)</p>
6.3	Wisbech: 11 & 12 High Street	The Combined Authority Board considered a confidential report on 11 & 12 High Street, Wisbech. It was resolved to approve the recommendations in the report.
	Part 7- Date of Next Meeting	
7.1	Date: Wednesday 30 January 2019 at 10.30am, Civic Suite Room A, Huntingdonshire District Council, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN	

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY	
Decision Statement	
Meeting:	30 th January 2019
Minutes:	<u>Cambridgeshire & Peterborough Combined Authority Decision Statement</u>

Summary of decisions taken at this meeting.

Item	Topic	Decision
	Part 1 – Governance Items	
1.1	Announcements, Apologies and Declarations of Interest	Apologies were received from Councillor S Count (Substituted by Councillor I Bates), Councillor C Roberts, Jason Ablewhite and Jess Bawden.
1.2	Minutes- 28 November 2018	It was resolved to: Approve the minutes of the meeting of 28th November 2018 as a correct record.
1.3	Petitions	None received.
1.4	Public Questions	Three questions were received. A summary of the questions and responses is published at the following link - <u>Combined Authority: Public Questions</u>
1.5	Forward Plan	It was resolved to: Note the Forward Plan.
1.6	Housing and Communities Committee: Change of Membership	The Combined Authority Board was asked to approve a change in membership of the Housing and Communities Committee.

		<p>It was resolved to:</p> <p>Approve the change of Member on the Housing and Communities Committee for Fenland District Council from Councillor Seaton to Councillor Denise Laws.</p>
1.7	Appointment of Interim Chief Finance Officer (s73 Officer)	<p>The Combined Authority Board was asked to appoint Noel O'Neill as interim s73 Chief Finance Officer.</p> <p>It was resolved to:</p> <p>Appoint Noel O'Neill as interim s73 Chief Finance Officer to the Combined Authority</p>
1.8	Audit and Governance Committee - Recommendations	<p>Following the Audit and Governance Committee meeting on the 30th November. The Committee members agreed that they would like to recommend to the Combined Authority that a review be undertaken on the procedures in place for the termination of the employment of senior officers.</p> <p>It was resolved to:</p> <p>Instruct the Chief Executive to carry out a review of procedures for termination of the employment of senior officers and report the outcome of that review to the Audit and Governance Committee</p>
PART 2- Finance		
2.1	Budget Monitor Update	<p>The Combined Authority Board considered a report providing an update of income and expenditure for the year to the end of November 2018 against the forecast for the year as approved by the Board on 28 November 2018.</p> <p>It was resolved to:</p> <p>Note the financial position of the Combined Authority for the year to date</p>

2.2	2019/20 Budget and Medium Term Financial Plan 2019-2023	<p>The Combined Authority Board considered a report outlining the 2019/20 Budget and Medium Term Financial Plan 2019 to 2023. The Board were asked to approve the revenue and capital budgets.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> e) Approve the revenue budget for 2019/20 and Medium Term Financial Plan 2019 to 2023 f) Approve the capital programme 2019 to 2022
2.3	Combined Authority Business Plan 2019/20	<p>The Combined Authority Board was asked to adopt a recommended 2019-20 Business Plan.</p> <p>It was resolved to:</p> <p>Adopt the 2019-20 Business Plan</p>
2.4	Budget 2019/20 (Mayor's Budget)	<p>The Combined Authority Board was asked to approve the Mayor's draft budget for 2019/20.</p> <p>It was resolved to:</p> <p>Approve the Mayor's draft budget for 2019/20</p>
2.5	11&12 Wisbech High Street	<p>At the last meeting, the Combined Authority delegated authority to the interim Section 73 Officer and the interim Chief Executive to formalise the potential arrangements to support Fenland District Council in the event that step in is required. The Combined Authority Board was asked to approve this potential support to Fenland District Council.</p> <p>It was resolved to:</p> <p>Approve the arrangements to support Fenland District Council if required to see successful conclusion of the project.</p>

	PART 3- Combined Authority Matters	
3.1	Strategic Bus Review	<p>In November 2017 the Combined Authority commissioned a strategic review of the regional bus network. This report presents the outcomes of that review and proposes recommendations for consideration.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> d) Note the recommendations of the Strategic Bus Review e) Approve to develop and deliver a Business case assessment of the benefits of operational models open to the Combined Authority including Enhanced Partnerships and franchising opportunities in line with DfT Guidelines and as set out in the Bus Service Act. The business case will be completed in Q1 2021 f) Approve the establishment of a cross-organisational group “Bus Reform Group” to build up the implementation strategy based on the recommendations of the Strategic Bus Review for short and medium term improvements.
3.2	Transport Delivery- Appointment of Inner Circle	<p>The Combined Authority Board considered a report providing a briefing relating to the appointment of Inner Circle LTD as transport consultants to the Authority under delegated powers.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> d) Note the arrangement with Inner Circle to date e) Authorise the Chief Executive, in consultation with the Chair of the Transport Committee, to take whatever steps are necessary to secure appropriate consultancy arrangements after the end of March 2019 and until the appointment of the permanent transport team.

	PART 4- Business Board Recommendations to Combined Authority	
All of the following Business Board recommendations are conditional pending confirmation from Government that local growth funds have been released for allocation by the Business Board.		
4.1	Growth Deal Projects Proposals January 2019	<p>The Business Board was responsible for allocating the Growth Fund subject to ratification by the Combined Authority (CA) Board with the objective of creating new jobs and boosting productivity. The Combined Authority Board was asked to approve the recommendations set out in the report.</p> <p>It was resolved to approve upon the recommendation of the Business Board:</p> <ul style="list-style-type: none"> a) Consider the reports by external assessors of projects submitted for Growth Deal Funds b) Recommend those schemes which are suitable to the Combined Authority Board for approval c) Note the summary of Small Grants approved under delegated powers. a) Bid A b) Bid B subject to there being recognition of the source of the funds from the Business Board by the recipient and that the following conditions precedent are satisfied before any funds are released. <ul style="list-style-type: none"> i) Confirmation that 50% of the £30m follow up funding had been secured ii) There be a professional assessment of the 3.5% equity figure in terms of risk

4.2	Draft Annual Delivery Plan for Business and Skills	<p>On the 28th January 2019, the Business Board considered a report bringing forward the first draft of the Business and Skills Annual Delivery Plan. The Combined Authority Board was asked to approve the recommendations set out in the report.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> a) Consider the content of the draft Annual Delivery Plan b) Identify any areas for further development by officers c) Note the draft Annual Delivery Plan for Business and Skills
4.3	Rural Community Energy Fund- Management and Administration	<p>The Cambridgeshire and Peterborough Combined Authority (CPCA) was the Accountable Body for the Greater South East Energy Hub that covers fifteen counties and Greater London. The Energy Hub had been set up to unlock current restrictions and blockages relating to local energy infrastructure. By aligning the Rural Community Energy Fund (RCEF) with the Energy Hub it enabled greater connectivity and maximises the resultant opportunities to create, initiate and deliver projects locally. The Combined Authority Board was asked to approve the recommendations set out in the report.</p> <p>It was resolved to:</p> <p style="text-align: center;">Agree that the Greater South East Energy Hub assumes the RCEF management role, administers the fund and employs the Community Energy Advisor.</p>
4.4	Growth Programme Update (from November 2018 Business Board)	<p>The Greater Cambridge and Greater Peterborough Local Enterprise Partnership (GCGP LEP) negotiated three successive Growth Deals with Government between 2014 and 2017, securing £146.7m to deliver new homes, jobs and skills across the LEP area. In addition to the Growth Deal, GCGP secured £16.1m from the Growing Places Fund to establish a recyclable pot of grants and loans for projects delivering economic benefit across the region. The Combined Authority Board was asked to approve the recommendation set out in the report.</p> <p>It was resolved to:</p>

		<ul style="list-style-type: none"> a) Note the accumulative and in-year programme position to 31 October 2019 for Growth Deal and Growing Places Fund b) Note and agree the submission of the Growth Deal monitoring report to Government to end Q2 2018/19; and c) Approve an extension to the funding period for the Lancaster Way Phase 2 (grant). See section 3.8 to 3.11)
	Part 5- Date of next meeting	
5.1	10.30am Wednesday 27 February 2019, Council Chamber, South Cambridgeshire District Council, South Cambridgeshire Hall, Cambourne Business Park, Cambourne, Cambridge CB23 6EA	

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY	
Decision Statement	
Meeting:	27 th February 2019
Minutes:	Cambridgeshire and Peterborough Combined Authority: Minutes

Summary of decisions taken at this meeting.

Item	Topic	Decision
	Part 1 – Governance Items	
1.1	Announcements, Apologies and Declarations of Interest	Apologies were received from Councillor S Count (Substituted by Councillor I Bates) and Councillor C Roberts (Substituted by Councillor A Bailey). There were no declarations of interest.
1.2	Minutes - 30 th January 2019	It was resolved to: Approve the minutes of the meeting of 30 th January 2019 as a correct record.
1.3	Petitions	None received.
1.4	Public Questions	None received
1.5	Forward Plan	It was resolved to: Note the Forward Plan.

	Part 2- Finance	
2.1	Budget Monitor Update	<p>The Board considered a report providing an update of income and expenditure for the year to the end of December 2018</p> <p>It was resolved to:</p> <p>Note the financial position of the Combined Authority for the year to date</p>
	Part 3- Combined Authority Matters	
3.1	<p>£100m Affordable Housing Programme – Scheme Approval, Springfield Avenue, March.</p> <p><i>[Contains exempt appendices. If the Board wishes to discuss these it will be necessary to resolve to exclude the press and public]</i></p>	<p>As part of the Devolution Deal, the Combined Authority successfully secured £100 million from Government to deliver 2,000 affordable home across Cambridgeshire and Peterborough. The Board considered a report providing details of a new scheme to consider in the context of the overall investment pipeline for the Combined Authority's £100m programme.</p> <p>It was resolved to:</p> <p>Commit grant funding of £440,000 from the £100m Affordable Housing programme to support delivery of new affordable housing on a scheme at Springfield Avenue, March, Fenland subject to the conditions set out in paragraph 3.11.</p>
3.2	Strategic Spatial Framework Phase 2	<p>The Board considered a report outlining a revised timetable and process, including arrangements for working with planning authorities, for the next stages of work on the Cambridgeshire and Peterborough Non-Statutory Strategic Spatial Framework (NSSF).</p> <p>It was resolved to:</p> <p>Agree the work programme and approach for Phase 2 of the Strategic Spatial Framework.</p>

3.3	Quarterly Performance Reporting	<p>The Board considered a report providing the next quarterly update on performance reporting, as agreed by the Board in October 2018.</p> <p>It was resolved to:</p> <p style="text-align: center;">Note the February Delivery Dashboard</p>
3.4	University of Peterborough Funding	<p>The Board considered a report seeking approval to release £446,000 to University Centre Peterborough as arrears of funding payment for project delivery against agreed project outputs during the period September 2018- March 2019.</p> <p>It was resolved to:</p> <p style="text-align: center;">Agree the £446,000 payment to University Centre Peterborough contingent upon the funding agreement being executed before funding is released.</p>
	Part 4 – Motion Submitted under Proceedings of Meetings Rule 14	
4.1	<p>Motion from Councillor Lewis Herbert</p> <p><i>[The Interim Monitoring Officer advised that the motion was in order as drafted]</i></p>	<p>The Board considered a motion submitted under proceedings of meetings rule 14 from Councillor Lewis Herbert, seconded by Councillor Bridget Smith.</p> <p>On being put to the vote, both the substantive Motion and the Amended Motion proposed by Councillor Herbert were lost.</p>
	Part 5- Date of next meeting	
5.1	10.30am Wednesday 27 March 2019, Kreis Viersen, Shire Hall, Cambridge, CB3 0AP	



Appendix F

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY - Decision Summary
Meeting: 27 March 2019 Agenda/Minutes: Combined Authority Board

Item	Topic	Decision
	Part 1 – Governance Items	
1.1	Announcements, Apologies and Declarations of Interest	Apologies were received from Aamir Khalid (substituted by Professor Andy Neely)
1.2	Minutes – 27 th February 2019	It was resolved to: Approve the minutes of the meeting of 27 th February 2019 as a correct record.
1.3	Petitions	None received.
1.4	Public Questions	Four questions were received. A summary of the questions and responses is published at the following link - Combined Authority: Public Questions
1.5	Forward Plan	It was resolved to note the Forward Plan.

1.6	Designation of Statutory Officer	<p>The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees Order 2017 states that, a Combined Authority must designate one of its officers as the scrutiny officer of the Overview and Scrutiny Committee.</p> <p>It was resolved to:</p> <p>Designate Emma Powley as Scrutiny Officer for the duration of the maternity leave of the current officer.</p>
	Part 2- Employment Committee Recommendations to the Combined Authority	
2.1	Appointment of Chief Executive and Monitoring Officer	<p>The Board considered a report recommending the authority approves the recommendations of the Employment Committee for the appointment of the Chief Executive of the authority and the appointment of the Monitoring officer.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> a) Extend the existing appointment of the interim joint Chief Executives, John Hill and Kim Sawyer, until the annual meeting in May 2019; b) Appoint Mr Howard Norris as the Monitoring Officer until the annual meeting in May 2019.
	Part 3- Finance	
3.1	Budget Monitor Update	<p>The Board considered a report providing an update of income and expenditure of the Combined Authority for the period up until the end of January 2019.</p> <p>It was resolved to:</p> <p>Note the financial position of the Combined Authority for the year to date.</p>

	Part 4- Combined Authority Matters	
4.1	Housing Development Company	<p>The Board considered a report outlining the key objectives and principles of the Housing Strategy approved on 26 September 2018. The Housing Strategy recommended that the Combined Authority accelerate housing delivery by establishing a wholly owned company to enable direct intervention in the housing market, which would enable the development of new homes and affordable homes in the region.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> a) Approve the Business Case for establishing a Combined Authority Trading Company (CATC) as detailed in Appendix 1; b) Approve the Combined Authority Trading Company Business Plan and as detailed in Appendix 2; c) Approve the Housing Development Company (DevCo) business plan as detailed in Appendix 3 d) Approve the funding strategy for the Housing Development Company (paragraph 6); e) Approve the composition of the CATC Board as set out in Appendix 2 (ref: P8 para 4.1.1 and P9 para 4.1.2); <p>Furthermore, in order to implement a)-c), authorise and approve:</p> <ul style="list-style-type: none"> f) The Chief Executive to enter into a loan agreement with CATC as detailed in paragraph 6;

		g) The Chief Executive and the Corporate Services Director to complete the necessary legal documentation to implement the above.
4.2	CAM Metro - Strategic Outline Business Case	<p>The Board considered a report presenting the findings from the Strategic Outline Business Case (SOBC) and recommending that the Board give its approval to move into the next stage of the Cambridgeshire Autonomous Metro (CAM) program.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> a) Note that the CAM SOBC has been founded upon CPIER growth scenarios as set out in section 2.6 to 2.9. b) Note the strong strategic and economic case made in the SOBC for the CAM and that this case has been made drawing upon only 50% of the total potential economic growth in the CPIER report. c) Note the links between the timeline of the CAM outline business case and the Non-Statutory Spatial Plan. d) Agree that the funding solution for the CAM will be drawn from blend of sources as set out in section 3.9. e) Agree to release £1m of funding from the 2019/20 budget for the procurement and development of the Outline Business Case, the accompanying technical packages (including funding) and programme of stakeholder engagement. f) Agree to delegate authority to the Chief Executive, in consultation with the Chair of the Transport and Infrastructure Committee, to enter into the contractual relationships following the procurement of the external

		consultants required to undertake the Outline Business Case and accompanying technical packages
4.3	A10 Corridor- Strategic Outline Case and Next Steps	<p>The Board considered a report providing an update on the progress to date of the A10 Corridor project and the proposed next steps for this work.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> a) Note the results of the A10 Corridor Strategic Outline Case and associated reports. b) Agree to release £500k of funding from the 2019/20 budget for the procurement and development of the Strategic Outline Business Case (SOBC) for: <ul style="list-style-type: none"> i. the A10 Dualling Project; ii. A10 junction improvement projects. c) Note the additional projects related to the A10 Corridor (Modal-shift interventions and junction improvements), and that if necessary business cases for these projects will be brought forward separately. d) Approve the approach towards engaging with the Department for Transport on funding streams for the A10; e) Approve the commencement of procurement of a professional services consultancy to undertake the work required to progress to SOBC for: <ul style="list-style-type: none"> i. A10 Dualling; ii. A10 junction upgrades. f) Delegate Authority to the Chief Executive, in consultation with the Chair of the Transport and Infrastructure Committee, to agree and proceed with the

		appointment of a professional services consultancy following the completion of an appropriate procurement procedure.
4.4	Bus Reform Task Force - Governance and Subsidies	<p>The Board considered a report requesting approval of the governance arrangements of the Bus Reform Group/Task Force and the work required to design and implement a system for the evaluation and award bus subsidies.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> a) Approve the governance arrangements for the Bus Reform Task Force including proposals for member engagement; b) Approve the work required to design and implement a system for the evaluation and award of bus subsidies c) Approval to draw-down up to £400k, of the £1m allocated within the 2019/20 budget, to commence the work of the Bus Reform task force including preparing the brief, bus subsidy assessment framework and procuring external consultancy support for the business case. d) Delegate authority to the Transport Committee to spend funding within the allocated £1M budget upon recommendation from the Bus Reform Task Group.
4.5	Cambridge South Station (Interim Solution)	<p>The Board considered a report requesting the release of funds that had been identified for the use of the Cambridge South Station (Interim) project in the 2019/20 budget, in order to appoint consultants to provide the Combined Authority a report with details the feasibility of implementing an interim station on an accelerated timescales, and the likely capital and revenue costs of doing so.</p> <p>It was resolved to:</p>

		<ul style="list-style-type: none"> a) Release the £100k allocated in the 2019/20 budget under the <i>Cambridge South Station – Interim Concept</i>; b) Delegate authority to the Chief Executive to appoint an external consultant to deliver a Cambridge South Station – Interim Station Study following the conclusion of the procurement process.
4.6	Huntingdon Third River Crossing	<p>The Board considered a report requesting the release of funding for the Huntingdon Third River Crossing and to delegate authority to the Chief Executive enter into arrangements to procure and make the study.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> a) Agree to release £200k of funding from the 2019/20 and carry forward £198k from 2018/19 for the procurement and development of the Huntingdon Third River Crossing feasibility study; b) Delegate authority to the Chief Executive, in consultation with the Chair of the Transport and Infrastructure Committee, to enter into the contractual relationships following the procurement of the external consultants required to undertake the study.
4.7	A505: Strategic Study	<p>The Board considered a report evaluating the current transportation challenges and opportunities between Royston and Granta Park including the A505 and side road challenges, including the interaction with the M11, A11, A1301 and A1307 and how these interact with the proposed CAM route serving this area.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> a) Endorse the commissioning of a multi-modal strategic transport study for the A505 corridor;

		<ul style="list-style-type: none"> b) Release to CCC the £1m allocation within 2018/19 capital budget; c) Agree the project inception and instruct officers to commence the procurement by competitive tender of this work; d) Following the completion of the procurement, delegate authority for contract award to the Chief Executive Officer, in consultation with the Chair of the Transport and Infrastructure Committee.
4.8	Adult Education Budget: Delegation of Grant Provision for 2019/20 Academic Year	<p>The Board considered a report requesting delegated authority for the Skills Committee Chair and Director of Business & Skills to award the Adult Education Budget (AEB) Grant allocation to the 12 local college and Local Authority Providers in April 2019.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> a) Provide delegated authority to the Director of Business and Skills, in consultation with the Chair of the Skills Committee, to award Grants to the 12 Grant Funded Providers of AEB upon successful completion of Delivery Plans including a variance of up to a 25% on the condition that a new learning aim or approach is demonstrated in line with the Cambridgeshire and Peterborough Combined Authority (CPCA) Strategic Priorities.
4.9	Monitoring and Evaluation Framework	<p>The Board considered a report outlining and seeking approval of the 2019 Monitoring & Evaluation Framework for the Combined Authority.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> a) Agree the 2019 Monitoring & Evaluation Framework for the Combined Authority.

		b) Note the resource implications for effective Monitoring & Evaluation to be delivered alongside the Combined Authority's major projects.
	Part 5 – Business Board/Committee Recommendations to the Combined Authority	
5.1	Growth Deal Project Proposals March 2019	<p>The Board considered a report requesting that they consider and make recommendations against new applications that have been submitted for the Growth Deal.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> a) Approve Applicants 2 and 3; b) Note that Applicants 1 and 4 had been asked to bring forward further detail to enable a final approval decision.
5.2	Local Industrial Strategy	<p>The Board considered a report outlining the inaugural Cambridgeshire and Peterborough Industrial Strategy to the Board for comments and approval.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> a) Approve the Cambridgeshire and Peterborough Industrial Strategy to the Combined Authority Board for approval b) Delegate authority to the Business Board and the Director of Business and Skills, in consultation with the Chair of the Housing and Communities Committee, to take the Industrial Strategy through the remaining stages of national sign-off, and refine.

5.3	Growth Programme Update	<p>The Board considered a report providing and update on the Growth Deal programme's performance since April 2015, a summary of the programme monitoring report to Government to end December 2018 and the current in-year position to end February 2019 for the Growth Deal and Growing Place Funds combined.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> a) Note the accumulative and in-year programme position to 28 February 2019 for Growth Deal and Growing Places Fund. b) Agree the submission of the Growth Deal monitoring report to Government to end Q3 2018/19.
5.4	Local Assurance Framework	<p>The Board considered a report requesting that the Business Board approves a revised single Assurance Framework following the Ministry of Housing, Community & Local Government's revised National Local Growth Assurance Framework for Mayoral Authorities with a Single Pot and Local Enterprise Partnerships.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> a) Agree the revised single Assurance Framework which is in line with the Ministry of Housing, Communities & Local Government's revised National Local Growth Assurance Framework for Mayoral Combined Authorities with a Single Pot and Local Enterprise Partnerships.
	Part 6- Motion Submitted under Proceedings of Meetings Rule 14	

6.1	Motion from Councillor Bridget Smith	On being put to the vote, the Motion was lost.
	Part 7 – Date of Next Meeting	
7.1	Wednesday 29 May 2019, Council Chamber, The Grange, Nutholt Lane, Ely, CB7 4EE	



AUDIT AND GOVERNANCE COMMITTEE	AGENDA ITEM No:
31st MAY 2019	PUBLIC REPORT

UPDATE ON GOVERNANCE OF BUSINESS BOARD

1.0 PURPOSE

- 1.1 Members of the Audit & Governance Committee asked for an update on the governance arrangements for the Business Board. This paper sets out the current governance arrangements and outlines the members code of conduct and declaration of interests for the Business Board members.

<u>RECOMMENDATIONS</u>
Lead Officer: Noel O'Neil, Deputy Section 151 Officer
<p>The Audit and Governance Committee are recommended to:</p> <p>a) Note the update</p>

2.0 BACKGROUND

- 2.1. The Combined Authority committed to developing an independent, private sector led Business Board that would act as the Local Enterprise Partnership for the area. Seven people from the private sector were selected to be the independent members of the Business Board. It had its inaugural meeting on 24th September 2018.
- 2.2. The legal status of the Business Board is that it is an informal partnership. It does not have the ability to enter into contracts and will act through the CPCA as its Accountable Body. Any funding decisions made by the Business Board shall be ratified by the CPCA Board as accountable body for the business Board.
- 2.3. The Business Board will be subject to both internal and external audit review ensuring that effective policies and procedures are in place. This will be carried out by the auditors of the Combined Authority as part of their review of the CPCA as accountable body.

3.0 Code of Conduct and Declaration of Interests

- 3.1. All Business Board members must sign a Code of Conduct and declaration of interests form on appointment to the Board (Appendix 1) This form has been completed for each member of the Business Board and can be viewed under the membership section for the Business Board on the Combined Authority website here <http://cambridgeshirepeterborough-ca.gov.uk/business-board/business-board-members/>
- 3.2. All members must declare any gifts and hospitality received and these will be published on the Combined Authority website. A bi annual reminder is sent out to members to remind them to complete and update the form regularly.

4.0 FINANCIAL IMPLICATIONS

5.0 LEGAL IMPLICATIONS

6.0 APPENDICES

- 6.1. Members Code of Conduct Form

<u>Source Documents</u>	<u>Location</u>

Code of Conduct for Business Board Members

You are a Board Member of the Business Board which acts as the Local Enterprise Partnership (LEP) for this area, and hence you shall have regard to the following principles – selflessness, integrity, objectivity, accountability, openness, honesty and leadership in your conduct at all times.

Accordingly, when acting in your capacity as a Board Member of the Business Board:

- You must act in a manner consistent with the Business Board’s diversity statement and treat your fellow Board Members, members of staff and others you come into contact with when working in their role with respect and courtesy at all times.
- You must act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for yourself, your family, a friend or close associate.
- You must not place yourself under a financial or other obligation to outside individuals or organisations that might be reasonably regarded to influence you in the performance of your official duties.
- When carrying out your Business Board duties you must make all choices, such as making appointments, awarding contracts or recommending individuals for rewards or benefits, based on evidence. You are accountable for your decisions and you must co-operate fully with whatever scrutiny is appropriate to your position. You must be as open as possible about both your decisions and actions and the decisions and actions of the Business Board. In addition, you should be prepared to give reasons for those decisions and actions.
- You must declare any private interests, both pecuniary and non-pecuniary, including membership of any Trade Union, political party or local authority that relates to your Business Board duties. Furthermore, you must take steps to resolve any conflicts arising in a way that protects the public interest. This includes registering and declaring interests in a manner conforming with the procedures set out in the section ‘Registering and declaring pecuniary and non-pecuniary interests’.
- You must, when using or authorising the use by others of the resources of your Business Board, ensure that such resources are not used improperly for political or personal purposes (including party political purposes).
- You must promote and support high standards of conduct when serving in your Business Board post, in particular as characterised by the above requirements, by leadership and example.

Registering and declaring pecuniary and non-pecuniary interests

You must, within 28 days of taking office as a Board Member or co-opted, notify your Business Board Chief Executive and Accountable Body’s S151 Officer of any disclosable pecuniary interest¹, where

the pecuniary interest is yours, your spouse's or civil partner's, or is the pecuniary interest of somebody with whom you are living with as a spouse, or as if you were civil partners.

In addition, you must, within 28 days of taking office, notify your Business Board Chief Executive and Accountable Body's S151 Officer of any non-pecuniary interest² which your Business Board has decided should be included in the register or which you consider should be included if you are to fulfil your duty to act in conformity with the Seven Principles of Public Life. These non-pecuniary interests will necessarily include your membership of any Trade Union.

Board members should review their individual register of interest before each board meeting and decision making committee meeting. They must declare any relevant interest(s) at the start of the meeting. If an interest has not been entered onto the Business Board's register, then the member must disclose the interest at any meeting of the Business Board at which they are present, where they have a disclosable interest in any matter being considered and where the matter is not a 'sensitive interest'³.

Following any disclosure of an interest not on the Business Board register or the subject of pending notification, you must notify the Business Board Chief Executive and S151/S73 Officer of the interest within 28 days beginning with the date of disclosure.

Unless dispensation has been granted, you may not participate in any discussion of, vote on, or discharge any function related to any matter in which you have a pecuniary interest. Additionally, you must observe the restrictions your Business Board places on your involvement in matters where you have a pecuniary or non-pecuniary interest as defined by your Business Board.

In signing this document below, you have read, understood and agree to abide with the requirements set out in the Code of Conduct outlined above.

Name.

Signature.

Date.

¹ For the purposes of this guidance, we are using the definition of a pecuniary interest as set out in the [Localism Act 2011](#) and The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012.

²A Non-Pecuniary interest is any interest which is not listed in the [Schedule to The Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012 \(No.1464\)](#).

³ A 'sensitive interest' is described in the [Localism Act 2011](#) as a member or co-opted member of an authority having an interest, and the nature of the interest being such that the member or co-opted member, and the authority's monitoring officer, consider that disclosure of the details of the interest could lead to the member or co-opted member, or a person connected with the member or co-opted member, being subject to violence or intimidation

Last updated: October 2018



AUDIT AND GOVERNANCE COMMITTEE	AGENDA ITEM:
31st MAY 2019	PUBLIC REPORT

STAFFING STRUCTRE UPDATE

1.0 PURPOSE

- 1.1 To provide the Audit and Governance Committee with an update of the proposed staffing structure for the Combined Authority.

<u>DECISION REQUIRED</u>	
From:	31st MAY 2019
Lead Officer:	Kim Sawyer – Interim Chief Executive
That the Committee notes the proposed staffing structure approved by the Employment Committee for consultation on the 13 th February 2019.	

2.0 BACKGROUND

- 2.1 On the 27 June 2018, the Combined Authority approved the first management and organisational structure of the Cambridgeshire and Peterborough Combined Authority (CPCA).
- 2.2 In September 2018, following their appointment as the interim Chief Executives, John Hill and Kim Sawyer were tasked with undertaking a review of the organization. This included a further review of the staffing structure. Mr John Hill undertook a 'root and branch' review of the CPCA staffing structure and put together proposals to begin a consultation on a revised structure.
- 2.3 On the 13th February 2019, the Employment Committee considered the Interim Chief Executive's consultation paper for the restructuring of the departments of the Combined Authority.
- 2.3 Members of the Overview and Scrutiny Committee requested to call-in the decision made by the Employment Committee in accordance with the Constitution. After considering the request to call-in and all relevant advice, the Committee resolved:

- (a) not to agree to the request to call-in and therefore the decision would take immediate effect;
- 2.5 The proposed new structure is therefore still in the process of consultation with staff. The proposed structure can be viewed at the following link:
[Overview and Scrutiny Agenda 25th February 2019](#)
- 2.6 The consultation period closes on 29 March and the interim Chief Executive John Hill will conclude the restructuring on the 8 April 2019.

3.0 FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications

4.0 LEGAL IMPLICATION

- 4.1 There are no legal implications

5.0 EQUALITIES IMPLICATION

- 5.1 There are no equality implications arising from this report

6.0 APPENDICES

- 6.1 None

<u>Source Documents</u>	<u>Location</u>
Employment Committee Agenda 13th February 2019	Employment Committee Agenda
Overview and Scrutiny Agenda and Minutes – 25th February 2019	O&S Agenda and Minutes



AUDIT AND GOVERNANCE COMMITTEE	AGENDA ITEM: 13
31st May 2019	PUBLIC REPORT

WORK PROGRAMME

1.0 PURPOSE

- 1.1 To provide the Committee with the draft work programme for Audit and Governance Committee for the remainder of the 2018/19 municipal year.

<u>DECISION REQUIRED</u>	
From:	31st May 2019
Lead Officer:	Emma Powley – Interim Scrutiny Officer
That the Committee: a) Notes the work programme for the Audit and Governance Committee for the 2018/19 municipal year attached at Appendix 1 and agree to regularly review the work programme at each meeting. b) Notes the Audit and Governance Work Programme Items for the year.	

2.0 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.
- 2.3 At the November Audit and Governance Committee meeting members requested that they be provided with a calendar of items that must be considered annually by the committee be added to the work programme for them to monitor. This document is attached at Appendix 2.

3.0 FINANCIAL IMPLICATIONS

3.1 There are no financial implications

4.0 LEGAL IMPLICATION

4.1 There are no legal implications

5.0 EQUALITIES IMPLICATION

5.1 None

6.0 APPENDICES

6.1 Draft Work Programme

6.2 Calendar of Work Programme Items for the Year.

<u>Source Documents</u>	<u>Location</u>
None	

Audit and Governance Work Programme Items

The Audit and Governance Committee meet four times a year, roughly following the financial timetable set by legislation.

Currently the Audit and Governance Committee are scheduled to meet in the following months:

July, September, December, March (The Committee have also requested that they meet in public in June to consider the draft accounts for the Combined Authority.)

Below is a table of items that the committee must consider throughout the year.

Item	Description	Proposed Meeting
Combined Authority Board Update	Standing item on the agenda when a chief officer or by agreement once a year the Mayor for the Combined Authority provides an update on the activities for the authority.	Every meeting
Minutes	Standing item on the agenda for the committee to agree the minutes from the last meeting	Every meeting
Corporate Risk Register	Standing item by request of the committee to be considered at each meeting.	Every meeting
Work Programme	Standing item for the committee to consider their upcoming work programme.	Every meeting
Internal Audit – Progress Report	Report from the Internal Auditors to provide an update on the progress of the current internal audits.	Every meeting

External Audit – Audit Plan	The Committee receive and approve the final audit plan prepared by the external auditors	March
Internal Audit Plan:	Details of audit activity for the following year.	March
Treasury Management Strategy Summary	The Committee receive the report asks for comments comment on the draft Treasury Management Strategy.	March
Code of Corporate Governance	Code of Corporate Governance is based upon the CIPFA / SOLACE publication entitled “Delivering Good Governance in Local Government: Framework 2016 Edition.” An annual review is undertaken each year.	March
Complaints Policy	Describes how we will deal with complaints and the role of the Local Government and Social Care Ombudsman – reviewed annually.	March
Assurance Framework	The Assurance Framework is a set of systems, processes and protocols, which along with standing orders, financial regulations, departmental procedures, and codes of practice is linked in a hierarchy of management and financial control procedures, which clearly define the responsibilities of members and the duties of the CPCA's officers, consultants and partners. – Approved annually.	March

Internal Audit – Annual Report	A report provided by the Internal Auditors on the effectiveness of the Authority's systems of governance; risk management and internal control.	July
External Audit Final Results	The Committee receive the audit results report from the external auditors.	July
Review of Constitution	The Committee to review the constitution including the Members Code of Conduct	July
Annual Governance Statement	Explains how the Combined Authority has complied with the Local Code of Governance and meets the requirements of the Accounts and Audit (England) Regulations 2015 Regulation 6.1(b) – usually received along with the Annual Financial Report.	The Annual Governance Statement is reviewed by the A&G Committee every year as part of the Statements of Accounts (usually in July)
Annual Financial Report	The Committee receives the report which asks them to: a) approve the audited Statement of Accounts 2017/18 b) Receive and approve the Annual Governance Statement 2017/18	July
Annual Audit report	The Audit and Governance Committee review annually the work undertaken by the committee to ensure best practice and effectiveness for the Combined Authority is being achieved.	July
External Audit – Annual Audit Letter	The Committee receive the annual audit letter which communicates the key issues arising from external auditors work in carrying out the audit of the statement of	September

	accounts for the Cambridgeshire and Peterborough Combined Authority.	
Treasury Management Strategy Review	The Committee receive the report which review the current performance against the prudential indicators included within the Treasury Management Strategy.	September
External Audit – Draft Audit Plan	The Committee receive the draft Audit Plan and comment whether the planned audit is aligned with the Committee's expectations.	November
Treasury Management Strategy Update	The Committee receive the report which provides the Audit and Governance Committee with an update on the Combined Authority (CPCA)'s Treasury Management Strategy.	November



AUDIT & GOVERNANCE COMMITTEE – WORK PROGRAMME

LEAD OFFICER(S): Kim Sawyer & Noel O’Neil

DEMOCRATIC SERVICES OFFICER (DSO): Emma Powley

Date	Report Description	Relevant Officer/ Report Author
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Deadlines:	Final Reports to DSO: 17 th May 2019 – 4pm	Agenda Publication/Despatch: Wednesday 22 nd May 2019
31 st May 10am – Public Meeting	Combined Authority Board Update	Kim Sawyer
	Business Board Governance Update	Kim Sawyer
	Corporate Risk Register Annual Review	Kim Sawyer
	Work programme	Emma Powley
	Assurance Framework	Kim Sawyer
	Internal Audit Update	Steve Crabtree
	Code of Corporate Governance Review	Kim Sawyer
	Staffing Structure Update	Kim Sawyer
	Draft Accounts 2018/19	Jon Alsop
	Annual Audit report	John Pye
	Constitution Review	Howard Norris
	Appointment of Vice Chair	Emma Powley

July 2019		
	Internal Audit – Annual Report	
	External Audit Final Results	
	Review of Constitution	
	Annual Governance Statement	
	Annual Financial Report	
	Annual Audit report	
	External Audit – Annual Audit Letter	Sept
	Treasury Management Strategy Review	
	External Audit – Draft Audit Plan	
	Treasury Management Strategy Update	