



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 2.1

Interim Chief Executive's Diagnosis: Improvement Framework

To: Cambridgeshire and Peterborough Combined Authority Board

Meeting Date: 19 October 2022

Public report: Yes

Lead Member: Mayor Dr Nik Johnson

From: Gordon Mitchell, Interim Chief Executive Officer

Key decision: Yes

Recommendations: The Combined Authority Board is recommended to:

- a) Accept the contents of the Interim Chief Executive's assessment as set out in **appendix one**
- b) Agree the key areas of focus over the next three months set out in **paragraph 4.4**
- c) Agree the proposed Improvement Plan as set out in section 5 and **appendix two**
- d) Agree the establishment of an Independent Improvement Board
- e) Note and comment on the associated terms of reference and membership as set out in section 6 and **appendix three** and delegate to the Independent Improvement Board the decision to agree the final terms of reference
- f) Request that updates from the Independent Improvement Board on progress against the agreed plan be given to future meetings of this Board as a standing item

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

1. Purpose

- 1.1 The purpose of this report is to share with Board the Chief Executive's diagnosis assessment of the Cambridgeshire and Peterborough Combined Authority (CA) which the self-assessment exercise, completed following the Board meeting on 27 July 2022 helped inform.
- 1.2 It seeks approval for the Chief Executive's proposals for an outline Improvement Plan that sets out the key areas of focus and outcomes required in the next 3 months arising from the self-assessment exercise.
- 1.3 It also seeks approval for the arrangements and membership for an Improvement Board to provide support and challenge to ensure identified areas of improvement are delivered and embedded.

2. Background

- 2.1 The need for the Cambridgeshire and Peterborough Combined Authority (CA) to undergo a self-assessment process followed by improvement planning was outlined in a paper presented to the Board on 27 July 2022 by the interim Chief Executive¹.
- 2.2 In summary, concerns raised by auditors that the organisation needed to take steps to ensure it had '*sufficient appropriate leadership capacity to be able to deliver its objectives and statutory responsibilities*' followed by engagement with DLUHC highlighted a range of concerns that needed to be addressed.
- 2.3 It was identified that a future Improvement Plan needed to be both comprehensive in content and credible in the eyes of external stakeholders and whilst there was a range of evidence already available, a self-assessment needed to take place to gather additional information, demonstrate awareness of issues within the Authority, internally recognise the need for improvement and identify areas of improvement for immediate focus.
- 2.4 The Chief Executives of the constituent local authorities have been engaged in shaping the assessment report, the summary material used in informal discussions and the role and make-up of the Independent Improvement Board. In addition, Chief Executives have aligned themselves to support each strand of improvement work.

3. Summary of Chief Executive's Assessment

- 3.1 As a result of its unique economic assets, the Cambridgeshire and Peterborough Combined Authority (CPCA) region is globally important and therefore especially important to the economy of the UK. Put succinctly, it already is a net contributor to the UK exchequer, has good prospects for economic growth and international trade, and has the potential to contribute even more to UK plc. Its R+D and entrepreneurial activity also supports economic activity in other regions of the UK, and thus contributes to the national 'levelling up' aims. Its local academic excellence, economic performance, environment, and traditions are a unique contribution to the reputation of the UK.

- 3.2 The opportunity for the CA is to use this platform to lever greater investment in infrastructure and opportunities for improving prosperity for all its residents is remarkable.
- 3.3 The CA has achieved a considerable amount in the 5 years since it was formed and has much to be proud of. It is however a widely held view that it has considerable scope to be more effective and secure much greater benefit for the region.
- 3.4 As an organisation it has struggled to step up to the scale of the challenge and opportunity and as a relatively new Mayoral Combined Authority (MCA) remains in many ways immature. In the past year the transition to a new Mayor, the changing local political landscape, the shift of government funding to multiple funding pots to deliver national programmes, and the impact of Covid has 'stress tested' the CA. This has revealed weak governance arrangements and culture, a fragmented approach to overall strategy, considerable fragility and rigidity in its management and operating arrangements and insufficiently developed partner relationships. In recent months the top of the organisation has fallen prey to intense internal debate, multiple investigations, public displays of conflict and poor behaviour and political point scoring. This has strongly contributed to a lack of focus on its responsibilities and as a result senior political and management capacity has been significantly diverted from the overriding purpose of the CA.
- 3.5 This cannot continue, and it is a cause for some optimism that there seems to be a near universal view that the CA must move on and forge ways of working to increase effectiveness and work towards the fantastic opportunity that seems to be available. All agree that much more effective working is needed; however, the Board need to translate these good intentions into changes in behaviour both individually and collectively. Your staff, the Chief Executives, partners, and regulators need to see a radical shift in behaviour.

4. Initiating Improvement

- 4.1 A key part of achieving change will be the involvement of the Chief Executives of the constituent authorities working alongside the senior staff of the Combined Authority. This group have already reflected on the lessons to learn and the scale of change required.
- 4.2 Mayoral Combined Authorities now have a track record, and there is a growing body of experience and study on what features are associated with successful devolution within the UK and which are associated with under-performance (LGA, IPPR north, DLUHC).

There are five big lessons – perhaps even pre-requisites for success:

- a. The development of an overarching strategy for the region – the place – and organising everything behind it.
- b. Establishing clarity of purpose – and for an MCA to be clear on where it can add value.
- c. The Mayor developing the right behaviours – of collaboration, persuasion, convening and galvanising local voices - and a strong outward facing role supported by an effective officer organisation.
- d. CA board members who are individually sufficiently self-aware and skilled to go beyond local party politics to establish and practice a culture of pragmatism for the benefit of the region.
- e. An effective and efficient organisation, which works as part of the local system.

The Cambridgeshire and Peterborough Combined Authority has struggled over its existence and is some way short of having developed these core pre-requisites for success.

The extended self-assessment report will provide much more detail on what has got in the way, and what needs to change, but the CPCA now needs to reset and commit to delivering a step change to make progress on all 5 of these dimensions.

4.3 What might be expected if CPCA makes good progress on all 5 dimensions? What will feel different?

- A huge reduction in tension and frustration in Board, and in dynamics and focus.
- Members feeling time is spent on worthwhile debate and activity.
- Members and officers believing that the MCA can genuinely expect to secure greater investment and improved reputation.
- Individual Board members spend more of their time on informal discussions finding issues of agreement, speaking up for the needs of the region, and its priorities.
- Recognition that the Mayor has secured greater attention from ministers and influential stakeholders for the region's needs.
- An absence of political point scoring in board noticed by all interested parties.
- That staff in CPCA and the local authorities view Board members as role models for good behaviour, collaboration and working towards consensus.
- CPCA staff recruitment and retention improves.
- A Devo Deal 2 looks possible, even likely.
- Staff expect to work in 'virtual teams' on policy development and programme delivery.
- The CPCA operation has matured, supports the Mayor and Board with a feel of 'one CPCA'.

4.4 To start the improvement journey in the right direction there are several urgent and important areas for improvement that should be addressed:

- i. Establish clarity on the scale of political ambition and develop an overarching strategy for the remainder of this mayoral term and to chart the next steps on that journey. This needs to include defining the purpose and role of the CPCA and in particular where the CPCA can add value
- ii. Implement a comprehensive reset of ways of working and align the policy development and pre-Board processes to support this
- iii. Prioritise work to establish a long-term strategy for transport, an urgent development of a bus strategy and review the role and functioning of the Business Board
- iv. Undertake a strategic review of income projections, including options, to secure sustainability and the possibility of taking a more strategic approach to the application of funds for identified priorities
- v. Design and implement an organisation for today's performance, and with the agility to act on emerging demands and opportunities
- vi. Map the approach, capacity and arrangements needed to build effective public relations and influencing delivery operation

4.5 The areas of improvement set out above are urgent and are therefore the focus for the Outline Improvement Plan over the next three months as attached as **appendix 2**. It should be noted that the CPCA currently has a poor track record of improvement. Some

major foundations of long-term improvement can be achieved rapidly however if members commit to wholeheartedly supporting change.

What might be the return on this commitment?

- Shift to a transitional arrangement of board cycles, adjusted focus, more strategic content
- A draft ‘overarching strategy’ document
- A draft Medium Term Financial Strategy which reflects the overarching strategy
- A worked-up transport strategy and bus strategy
- Proposals for the next phase of development of the Business Board
- Resolution to the current investigations

And in the operation:

- A senior staffing structure and plan for recruitment
- A period of stability in the workforce
- Improved collaborative processes between CPCA and constituent authority officers

4.6 The hallmarks for this wholehearted commitment from all Board members can be described by what is needed from you all.

- Clear support for a step change of this magnitude.
- A personal commitment to reflect on the gap between your own behaviour and the target behaviour for a well-functioning board.
- Commit to a workshop with the aim of agreeing the Board’s own ‘code of behaviour’, and a second after 3 months.
- Consent for rapid change to the Board arrangements and agendas.
- Support and commitment to engage in new informal discussions – about strategy, CPCA role, including ‘learning’.

4.7 **It is recommended that Board agrees the six priority areas of focus to be contained within an Improvement plan as set out above and in paragraph 4.4.**

5. Improvement framework

5.1 Key findings from the self-assessment exercise are set out above and in **appendix 1**. These areas of immediate focus are set out in the recommended Outline Improvement Plan. Identified are the key outcomes to be delivered that demonstrate the improvement to be made over the next three months and that can be recognised by CA Board Members, external agencies, Constituent Chief Executives, and staff.

5.2 The proposed outline Improvement Plan attached as **appendix 2** sets out key actions, outcomes and lead responsibility.

5.3 A detailed Improvement Plan will be developed in line with robust performance management methodology, with a clear timeline for delivery of identified outcomes and associated actions. Key risks, dependencies and necessary resources to deliver the proposed plan will be identified and will inform reporting to the proposed Improvement Board set out in section 6 below.

5.4 A high level ‘plan on a page’ will be developed and used to inform an engagement plan so

all stakeholders feel and will be part of the proposed improvement journey. It is important that Board Members, staff and partners are involved through focus groups and other interactive sessions to understand what will be different and how together the CA will deliver this.

5.5 **Board is asked to agree and own the Improvement Plan attached as appendix 2**

6. Independent Improvement Board

6.1 The Combined Authority Board in July considered the decision by the Audit & Governance Committee (A&G) that the initial concept for an Independent Improvement Board did not appear fit for purpose and should be revisited.

6.2 Discussions have taken place with key stakeholders, the Local Government Association's improvement division, and officials at DLUHC and BEIS regarding the remit and purpose and make-up of an Independent Improvement Board. This included consideration of arrangements in a number of other settings and identifying key members.

6.3 It is proposed that the purpose of the Independent Improvement Board is:

- i. To provide external advice, challenge, and expertise to Cambridgeshire and Peterborough Combined Authority to ensure focus, grip, pace and effective change on key areas identified.
- ii. To drive forward the delivery of the Combined Authority Improvement Plan agreed by the Combined Authority Board.
- iii. To provide assurance to the Combined Authority Board and external agencies of the progress on delivering the key outcomes and associated activity set out in the Improvement plan.
- iv. To identify and share learning and best practice with Members and Officers on all activities included in the Authority's Improvement Plan, including identification of development opportunities for both members and officers.

6.4 The Terms of Reference set out in **appendix 3** sets out the proposed purpose, accountability, membership, working arrangements and meeting's structure. It is also proposed that a review should take place after six months to ensure the proposed arrangements are fit for purpose.

6.5 It is proposed that the Independent Improvement Board meets monthly for the first six months to ensure the pace and progress of the improvement activity is on track. Following a review of the arrangements as set out in the terms of reference meetings may be extended to a six- or eight-week cycle.

6.6 Discussions will take place with the A&G and Overview & Scrutiny Committees to agree a schedule for receiving regular updates on all improvement action.

- 6.7 **Board is asked to agree the establishment of an Independent Improvement Board. To note the associated terms of reference and membership as set out in appendix 3 and delegate to the Independent Improvement Board the decision to agree the final terms of reference.**

7 Improvement Group

- 7.1 An Improvement Group will be established to bring together the six theme leads, the programme management office (PMO) and key representatives from across the organisation to ensure that detailed project and resource plans are developed and agreed, that dependencies between projects are understood, key risks identified and mitigated, learning is captured and shared and progress is reported in a consistent and timely way to the Improvement Board.
- 7.2 The interim Director, Transformation Programme will operate as Sponsor of the Improvement Programme and be accountable for the overall delivery of the Plan and reporting to the Independent Improvement Board of identified actions.
- 7.3 Project leads will be accountable for identified activity to be delivered and for supporting dependent activities from across the overarching plan. Highlight reports setting out progress against agreed timelines, any risks or slippage, resourcing issues will be identified and reported to the Independent Improvement Board in line with the agreed meeting schedule. The Chief Executives of the constituent councils have also stepped forward and are paired with a workstream to offer advice and support.
- 7.4 The Combined Authority PMO will support the Improvement Group and ensure consistency in approach and documentation. The PMO will also complete progress (highlight) reports for inclusion in the reporting schedule to the Independent Improvement Board. Key learning will also be captured to aid continuous improvement and learning.
- 7.5 An Engagement Plan will be developed to ensure all stakeholders are able to inform improvement activity, share suggestions for improvements and be informed of progress.

Significant Implications

8. Financial Implications

- 8.1 At the Combined Authority Board in July £750,000 was agreed to fund improvement and transformation activity relating to the self-assessment.
- 8.2 The proposed Improvement Board arrangements set out in this report identify that any costs associated with the Improvement Board will be met from within the agreed funding.
- 8.3 All costs held against the agreed Improvement Budget will be recorded and reported in line with existing budget reporting.

9. Legal Implications

- 9.1 This report sets out the proposed terms of reference for the Improvement Board. The Monitoring Officer has confirmed the arrangements are in line with good governance arrangements.
- 9.2 It is proposed that the arrangements for the Independent Improvement Board be reviewed in six months' time so any learning can inform any changes to ensure the Improvement Board is able to undertake the purpose set out in this report.

10. Public Health Implications

- 10.1 None.

11. Environmental and Climate Change Implications

- 11.1 None.

12. Other Significant Implications

- 12.1 The External Auditor and DLUHC have set out clearly the expected focus for improvement. It is important that the CA can demonstrate its commitment to improve and also the progress it is making on this journey so more formal interventions are not put in place; the unfreezing of future funding is dependent on this.

13. Appendices

- 13.1 Appendix 1 – Chief Executive's Assessment (based on the self-assessment exercise)
- 13.2 Appendix 2 – Proposed Improvement plan
- 13.3 Appendix 3 – Independent Improvement Board terms of reference

14. Background Papers

- July CA Board Report Improvement Assessment
- Governance review
- External Auditors letter