



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Improvement Framework

To: Cambridgeshire and Peterborough Combined Authority Board

Meeting Date: 27 July 2022

Public report: Yes

Lead Member: Mayor Dr Nik Johnson

From: Gordon Mitchell, Interim Chief Executive Officer

Key decision: Yes

Forward Plan ref: KD2022/041

Recommendations: The Combined Authority Board is recommended to:

- A Note the recommendations of the Audit & Governance Committee set out in paragraph 2.7 to 2.12 of this report and provide a response as requested**
- B Delegate authority to the Interim Chief Executive for the recruitment and appointment of additional resources, including interim Chief Officers and interim Statutory Officers (as defined within the constitution) as set out in paragraph 3.5 to 3.15 of this report**
- C Delegate authority to the Interim Chief Executive to finalise the senior management structure of the Authority as set out in paragraph 3.16 to 3.18 of this report**
- D Acknowledge the scope and scale of the intended self-assessment exercise set out in this report and recognition of the scale of the current issues facing the Combined Authority.**
- E Support the self-assessment exercise set out in this report and provide comment on its content, noting the intention to conclude this work and report back to Board at its scheduled meeting on 21 September 2022.**

- F Allocate the use of up to £750,000 from the CPCA Response Fund to enable that money to be utilised on scoping, developing and delivering work relating to CPCA Improvement Activity, and delegate authority to spend to the Interim Chief Executive.**
- G Note the review of governance and ways of working attached at Appendix A.**
- H Request that the Board, and the Chairs of Audit & Governance Committee and the Overview & Scrutiny Committee, receive regular updates on all improvement action**

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

1. Purpose

- 1.1 The purpose of the paper is to seek Board approval for the Interim Chief Executive's proposals as set out in this report to drive and implement an improvement plan.

2. Background

External Auditor Letter

- 2.1 The Authority's external auditors wrote to the Chair of the Audit & Governance Committee on 1 June 2022 to notify him of their judgement that a value for money risk exists in the form of significant weakness in Cambridgeshire & Peterborough Combined Authority's governance arrangements.
- 2.2 The letter and its content was reported to Board at its previous meeting. The external auditor letter identified actions for the Authority to take. It recommended that:
 - ensuring the safeguarding of the Authority's staff was of paramount importance
 - the Authority urgently ensure that it has sufficient appropriate leadership capacity to be able to deliver its objectives and statutory responsibilities
 - more formal intervention is required, and expeditious discussions with the Authority's sponsoring department to this end are time critical

Engagement with DLUHC

- 2.3 Officers met with DLUHC officials on 8 June and agreed an approach to taking that engagement forward. DLUHC officials drew officers' attention to the DLUHC guidance note of June 2020 '*Addressing cultural and governance failings in local authorities: lessons from recent interventions*'.
- 2.4 The Authority was asked to provide an assessment of the need for improvement action set against the six criteria identified in the DLUHC guidance, subsequently three assessments were provided to DLUHC that set out the views of:
 - Mayor
 - Combined Authority Executive Team
 - Collective view of Constituent Authority Chief Executives

- 2.5 Further engagement meetings between DLUHC and officers have continued, these discussions have covered seeking peer support, developing a locally-led Improvement Panel and the possible necessity of further intervention.
- 2.6 On 30 June the Authority received a letter from DLUHC officials advising that DLUHC will be taking a precautionary approach to the transfer of funding to CPCA until they have assurance that there are appropriate plans in place to reach a resolution to the series of concerns highlighted by the external auditors in their recent letter to the Chair of the Audit and Governance Committee.

Audit & Governance Committee

- 2.7 The Authority's Audit & Governance Committee deferred upon receipt of the external auditor letter its meeting scheduled in June for several weeks to provide an opportunity for the Authority to engage DLUHC. The Committee met on 30 June and discussed a response to the letter and DLUHC engagement to date, questioning the external auditors further on the significant risk that they had raised.
- 2.8 The Audit & Governance Committee agreed a series of recommendations to the Board for consideration at the 27 July Board meeting, as well as further recommendations to the Interim Chief Executive and a request for further support from both the internal auditors and the external auditors.
- 2.9 The A&G Committee unanimously agreed that:
- a) The Combined Authority Board should seek external advice in formulating an action plan to address the significant areas of concern identified by the external auditor.
 - b) The Board, as a priority, considers its own ways of working. The Committee found it difficult to see how the required changes in culture, governance, leadership and capacity could be identified and delivered without the Combined Authority Board demonstrating collective leadership, acting as a board.
 - c) The initial concept of an Improvement Board as set out did not appear fit for purpose and should be revisited.
- 2.10 The Committee also noted the importance of proceeding in a way that is best for the people of Cambridgeshire and Peterborough.
- 2.11 **Board is asked to note the recommendations set out above by the Audit & Governance Committee and provide a response.**
- 2.12 The Audit & Governance Committee made further recommendations at its meeting on 30 June, they were:
- d) That the Interim Chief Executive:
 - obtains appropriate external advice, support and facilitation to drive the required culture change at the Combined Authority, recognising the need for a consensus of ownership by the Board
 - reconsiders the terms of reference for the Improvement Panel as the Committee's view was that it is currently not fit for purpose

- commits to rapidly building the Senior Management Team capacity of the organisation and attends A&G Committee in July to report on progress
- e) That the Internal/External Auditors are consulted and work with the CA to provide a baseline of where CA needs to be in regard to the action plan proposed.

Review of Governance

- 2.13 The Combined Authority Monitoring Officer, with support from the Executive Team and Combined Authority Board, commissioned an independent review of governance and ways of working to identify key issues and barriers in delivering effective governance, as well as to produce conclusions on current governance matters and identified barriers alongside suggesting recommendations for improvement.
- 2.14 Instruction was provided for the review to specifically seek to engage voting Board Members and Constituent Council Chief Executives when seeking to identify real and perceived barriers to effective governance at the Combined Authority.
- 2.15 The review of governance is attached at **Appendix A**.

Impact on Staff

- 2.17 The ongoing matters referred to in the external auditor letter and required governance improvements identified in the review of governance have had an acute impact on staff at the Authority for some time. Concerns regarding the impact on staff have also been reported to previous meetings of the Board and in regular correspondence about the need for confidentiality on employment related matters.
- 2.18 It has been reported to Board Members that their behaviour at board meetings alongside their behaviour on social media and in press statements has led to concerns amongst Authority staff that are impacting morale. Further this behaviour significantly increases employment related risks to the Authority which can be and should be avoided.

3. Improvement - Developing an approach

Responding to External Auditor concerns

- 3.1 The external auditor letter identified 3 areas for the Authority to consider in response to the significant risks that it had identified, they were:
- 1) ensuring the safeguarding of the Authority's staff was of paramount importance
 - 2) the Authority urgently ensure that it has sufficient appropriate leadership capacity to be able to deliver its objectives and statutory responsibilities
 - 3) more formal intervention is required, and expeditious discussions with the Authority's sponsoring department to this end are time critical
- 3.2 A response to these 3 areas has already begun. A Member Officer Protocol has been developed for consideration by the Board on 27 July that seeks to provide further guidance on interaction to protect Officers and set out processes around information requests to support Members. This protocol will strengthen the Authority's Code of Conduct.

- 3.3 Discussions with the Authority's sponsoring department DLUHC have been ongoing since receipt of the external auditor letter and they continue.
- 3.4 The next step in response to the external auditor concerns is to ensure the Authority has sufficient appropriate leadership capacity to be able to deliver its objectives and statutory responsibilities.

Immediate capacity building of the Senior Management Team

- 3.5 The external auditors referenced the current vacancies in the Authority's senior management team and the prospect that this could increase further from July 2022 as a factor in determining their judgement around risk.
- 3.6 In addition the Audit & Governance Committee identified lack of capacity within the senior leadership team as an issue that urgently needed to be addressed at its meeting on 30 June, recommending that the Interim Chief Executive commits to rapidly building the Senior Management Team capacity of the organisation which is seriously depleted.
- 3.7 Step 1 of a response is already complete through the recruitment of an Interim Chief Executive. There is now an urgent need to address the lack of senior capacity as highlighted by the external auditor and the Audit & Governance Committee.
- 3.8 Delivering additional capacity and capability to support the organisation moving forward is a key priority and there is a need to move at significant pace to enable the Interim Chief Executive to make progress and enable the Authority to demonstrate responsiveness. The need for pace requires that we consider current constitutional arrangements and whether they support rapid progress.
- 3.9 The constitution currently requires that a Chief Executive can only appoint staff up to and including deputy Chief Officer level, therefore under current requirements an Employment Committee would need to be convened, conduct the processes and make subsequent recommendations to Board for the appointment of Tier 2 and Statutory Officers.
- 3.10 However this would add significant time to the recruitment process, meaning that realistically appointments could not be confirmed by Board until 31 August at the earliest but more likely late September.
- 3.11 In order to empower the Interim Chief Executive to act at the pace required it is recommended that Board delegate authority to the Interim Chief Executive for a 6 month period which will cover the recruitment and appointment of interim senior resources, including interim Chief Officers and interim Statutory Officers. Soft market testing has identified that there are potential Tier 2 Level Candidates available across a number of the vacancies in our current structure.
- 3.12 To enable the Interim Chief Executive to proceed with both the immediate recruitment and a restructure current Tier 2 job descriptions will be used as a guide only. This will allow candidates with broader transformation and improvement experience (as well as strategic/operational leadership experience) to be considered for recruitment.
- 3.13 **Board is asked to approve delegation of authority to the Interim Chief Executive for the recruitment and appointment of additional resources, including interim Chief Officers and interim Statutory Officers (as defined within the constitution).**

- 3.14 It is proposed that this delegation be put place for six months with progress reporting to be provided to Leaders Strategy Meeting on a monthly basis as far as is practical over the summer period, the process of recruitment would look to adopt the recent assessment centre approach that was undertook to recruit the Interim Chief Executive, this approach was received well and provided a much broader degree of engagement with key stakeholders.
- 3.15 It is proposed that the delegation to the Interim Chief Executive does not include the permanent appointment of Tier 2 officers and/or statutory officers and that once a new structure is determined, the normal Employment Committee process (which will follow a staff consultation on the restructure) will be followed, even if this is within the 6-month period.
- 3.16 Recruitment to permanent Tier 2 posts cannot begin until assessment of the organisational structure has taken place, a review to determine a future organisational structure had already begun via the transformation project but now requires assessment and consideration in the context of the improvement journey by the Interim Chief Executive. This work needs to commence without delay.
- 3.17 In order to empower the Interim Chief Executive to act at the pace required it is recommended that Board delegate authority to the Interim Chief Executive to finalise the senior management structure of the Authority. Once finalised the Authority can commence the recruitment of permanent posts at the Tier 2 level.
- 3.18 Current process requires that Tier 2 (and Statutory officer recruitment) is undertaken by Employment Committee who then make a recommendation to Board. Subject to diary availability following the current process may mean that we do not have recommendations for Board until October. This will significantly impact our ability to make needed progress in delivering additional capability and capacity.
- 3.19 **Board is asked to approve the delegation of authority to the Interim Chief Executive to finalise the senior management structure of the Authority.**

Addressing Governance Concerns

- 3.20 The external auditors identified significant risks with the Authority's governance and DLUHC guidance also highlights organisational governance risk as a key risk area. Furthermore the Independent Review of Governance details issues with the foundations and fundamentals of governance within the Authority's existing framework.
- 3.21 DLUHC have made it clear through engagement with the Interim Chief Executive and representatives from the constituent authority Chief Executives that there is a spectrum of intervention options available to the Secretary of State. This might range from a statutory requirement about the formation and membership of an improvement board, a statutory Best Value Review or the appointment of commissioners.
- 3.22 The spectrum of intervention requires the Authority to seek peer support and develop a locally led Improvement Panel to oversee a local improvement plan before consideration would be given to a DLUHC rapid review and appointed Improvement Panel.

- 3.23 The Authority needs to identify a path forward that will address all drivers for improvement alongside capacity building; this requires an improvement plan and a locally led Improvement Board.
- 3.24 The Medium Term Financial Plan approved in January 2022 includes a Response Fund to allow the Authority to respond to emerging issues and opportunities. Use of this fund requires the approval of the Chief Executive, it also requires Board approval prior to allocation. The purpose of the fund is to allow maximum flexibility and remove silo working from the Authority's ability to respond to emerging issues and opportunities.
- 3.25 The financial cost of response to the identified governance risks and subsequent improvement activity would seem to be an appropriate use of this fund.

Developing the Improvement Plan

- 3.26 A future improvement plan needs to be comprehensive in content and credible in the eyes of external auditors, DLUHC and our stakeholders. Whilst there is information already available that will significantly contribute towards content within a future improvement plan such as the transformation programme - Member social media use - leaks inquiry - previous Board meetings - the Independent Review of Governance and others, there is also a need to undertake a degree of self-assessment to demonstrate awareness of wider issues within the Authority and recognise the need for improvement.
- 3.27 A comprehensive self-assessment exercise may assure both the external auditors and DLUHC that the Authority can present a good degree of self-awareness, which is both overseen and driven by independent and external challenge.
- 3.28 It is proposed therefore that the Authority undertakes, with external assistance, a self-assessment exercise which can translate into the development of a comprehensive Improvement Plan that takes on board all available data and information.
- 3.29 The self-assessment exercise will provide perspective and inevitably draw conclusions set against a framework of 8 key dimensions, typical of a Best Value review. These are as follows:
- 1. the operation, culture and structure of the organisation**
 - 2. the effectiveness of political and organisational leadership**
 - 3. the capacity and/or capability to provide the organisation with clear and effective strategic direction**
 - 4. use of resources and the impact of governance on the organisation's ability to deliver best value**
 - 5. the impact of corporate governance on service delivery**
 - 6. the culture of openness, transparency and trust within and between the officers and members**
 - 7. openness to challenge**

8. effective engagement with external partners

3.30 The exercise will need to be comprehensive and be developed with a significant degree of independent input and challenge. The Authority is already able to benefit from a number of independent perspectives and activities that will inform the future Improvement Plan, such as:

- an independent review of Governance and Ways of Working (completed June 2022)
- an independent review of the strategic planning framework and activity – about to commence
- an independent review of the PMO framework and performance – about to commence
- the recent appointment of an interim CEO for the Combined Authority
- an independent review of the Net Zero Hub operation, performance and governance

3.31 Examination of Internal Audit reports will also help inform the Improvement Plan. There is a particular need to feed a review of the Combined Authority's governance arrangements over its subsidiaries into the Improvement plan to consider how it discharges its responsibilities and ensures appropriate control and oversight of its interests, in line with recommended best practice.

3.32 The self-assessment exercise will focus on the additional evaluation required against each of the 8 key dimensions to underpin the Improvement Plan as follows:

Please see over page

Key Dimension	Current sources of evaluation	Current key points identified in initial Interim Chief Executive assessment	Additional evaluation required
1. the operation, culture and structure of the organisation	<ul style="list-style-type: none"> <input type="checkbox"/> CPCA performance data <input type="checkbox"/> Member-Officer Protocol <input type="checkbox"/> Existing staff feedback <input type="checkbox"/> External Auditors <input type="checkbox"/> Existing organisational structure work <input type="checkbox"/> Assessment submissions to DLUHC <input type="checkbox"/> Review of Governance <input type="checkbox"/> Senior Management Team capacity <input type="checkbox"/> Internal Audit Reports 	<p>CPCA operations:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Mixed, featuring very good work and some high profile examples of under-performance (net zero hub) <p>Culture:</p> <ul style="list-style-type: none"> <input type="checkbox"/> at the middle and senior levels some officers appear to be cautious of close and appropriate engagement with politically elected representatives - this needs to be explored further to understand contributing factors fully. Some of the informal engagement structures normally in place in local government appear lacking. <p>Structure:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Proposals for a revised senior organisational structure have stalled, with multiple vacancies at senior level <input type="checkbox"/> The board and committee structure is perceived as requiring review 	<ul style="list-style-type: none"> <input type="checkbox"/> Review of performance and the performance management framework <input type="checkbox"/> Review of PMO performance, framework and practice <input type="checkbox"/> Review of the use of performance and other data <input type="checkbox"/> Review of the capacity and capability of the organisation and partners to drive delivery <input type="checkbox"/> Staff assessment exercise
2. the effectiveness of political and organisational leadership	<ul style="list-style-type: none"> <input type="checkbox"/> External Auditors <input type="checkbox"/> Assessment submissions to DLUHC <input type="checkbox"/> Review of Governance <input type="checkbox"/> Leaks Inquiry <input type="checkbox"/> Board meetings 	<ul style="list-style-type: none"> <input type="checkbox"/> Political and organisational leadership has been dysfunctional over a sustained period, resulting in delayed decisions, leaking of confidential information and inappropriate board behaviour. 	
3. the capacity and/or capability to provide the organisation with clear and effective strategic direction	<ul style="list-style-type: none"> <input type="checkbox"/> Assessment submissions to DLUHC <input type="checkbox"/> Review of Governance <input type="checkbox"/> Sustainable Growth Ambition Statement <input type="checkbox"/> 6 Keys indicators <input type="checkbox"/> Senior Management Team capacity 	<ul style="list-style-type: none"> <input type="checkbox"/> Despite some progress in identifying 6 'keys' as an indicator of focus, there remain major gaps in evidence and a lack of clarity on the overall strategy over the long and medium term <input type="checkbox"/> This is exacerbated by a lack of cohesiveness in the board, and a serious lack of senior officer capacity 	<ul style="list-style-type: none"> <input type="checkbox"/> Evaluation of the use of data and evidence and plans for the longer term development of comprehensive data and evidence <input type="checkbox"/> Evaluation of the strategic planning function

	<input type="checkbox"/> Chief Executive Group		
4. use of resources and the impact of governance on the organisation's ability to deliver best value	<input type="checkbox"/> Annual Business Plan <input type="checkbox"/> Assessment submissions to DLUHC <input type="checkbox"/> Annual Governance Statement	<input type="checkbox"/> A one year business plan was agreed after delay, but the absence of a longer term over-arching strategy has resulted in a fragmented approach to programmes heavily orientated to bid activity. <input type="checkbox"/> Reflection and learning appears to be in an early stage of development, and a corporate programme absent	<input type="checkbox"/> Review of resource planning – to include finance, HR and support service functions
5. the impact of corporate governance on service delivery	<input type="checkbox"/> Review of Governance		<input type="checkbox"/> Internal assessment
6. the culture of openness, transparency and trust within and between the officers and members	<input type="checkbox"/> Assessment submissions to DLUHC <input type="checkbox"/> Board and Executive Team feedback <input type="checkbox"/> Review of Governance <input type="checkbox"/> Whistleblowing Investigation <input type="checkbox"/> Chief Executive Group	<input type="checkbox"/> Trust and respect between some senior officers and elected representatives has broken down. <input type="checkbox"/> A recent whistle-blowing case, and on-going investigation has resulted in concern, frustration and defensiveness in some parts of the organisation	<input type="checkbox"/> Evaluation of existing data and evidence
7. openness to challenge	<input type="checkbox"/> Centre for Governance & Scrutiny 2020 action plan		<input type="checkbox"/> Review of relevant key events and responses
8. effective engagement with external partners	<input type="checkbox"/> Assessment submissions to DLUHC <input type="checkbox"/> Review of Governance <input type="checkbox"/> Chief Executive Group	<input type="checkbox"/> Widespread view that CA has been too inward focused, and not developed a systems approach to many areas of working. In part this reflects the deliberate policy of the previous Mayoral administration to exclude CXs of the constituent local authorities from playing any role in the governance and engagement structures.	<input type="checkbox"/> Review of existing scope of engagement and areas of non-engagement – including process and structure

- 3.33 The self-assessment would review current operation and content, how this is working in practice, identify best practice and associated learning, identify objectives to aim for and provide conclusions and recommendations for improvement that can feed into a comprehensive single Improvement Plan for the Authority.
- 3.34 The self-assessment exercise will be analysed to inform the Improvement Plan; this will include consideration of mechanisms and best practice approaches to 'plugging in' to the formal governance arrangements of the Authority.
- 3.35 The self-assessment exercise will be undertaken by the Authority with reference to best practice from the National Audit Office and the Institute of Programme Management. The self-assessment process will be enhanced through the utilisation of external expertise within the public sector that will help us both develop the self-assessment process and subsequently offer external check and challenge on conclusions reached.
- 3.36 Engagement has taken place with DLUHC regarding a self-assessment approach to inform a single comprehensive Improvement Plan, DLUHC have indicated that they are currently content with this approach.
- 3.37 **Board is asked to acknowledge the scope and scale of the intended self-assessment exercise and recognition of the scale of the current issues facing the Combined Authority.**
- 3.38 **Board is asked to support the self-assessment exercise set out in this report and provide comment on its content, noting the intention to conclude this work and report back to Board at its schedule meeting on 21 September 2022.**
- 3.39 The Response Fund identified in 3.20 of this report has been identified as an appropriate budget stream to fund improvement actions, it is proposed that the Response Fund be utilised to cover the costs associated with the necessary self-assessment exercises and the immediate capacity build at senior management level.
- 3.40 **Board is asked to allocate the use of up to £750,000 from the CPCA Response Fund to enable that money to be utilised on scoping, developing and delivering work relating to CPCA Improvement Activity, and delegate authority to spend to the Interim Chief Executive.**
- 3.41 The Interim Chief Executive will provide monthly progress reports to the Leaders Strategy Meeting on spend on improvement activity.

Independent Review of Governance

- 3.42 The review of governance will form part of the baseline of evidence that will input into the Improvement Plan and is an example of independent assessment of governance and the key barriers to making effective decisions at the Authority. It is attached at **Appendix A**.
- 3.43 The review contains multiple recommendations and suggests the creation of an action plan to respond to its wide-ranging conclusions. It is important that there is a single Improvement Plan moving forward for consistency, to ensure comprehensive of response, accountability and appropriate oversight. Therefore, the review of governance and its recommendations will be fed into the Improvement Plan rather than a separate action plan.

- 3.44 There are a number of improvements identified within the review that can be implemented without delay and do not need to wait for the completion of the self-assessment exercises, some of these are practical such as identification of lead business area governance contacts and identification of constituent council officer leads on key business areas of the Authority, others are transformational such as the creation of a safe policy space for Board.
- 3.45 The Interim Chief Executive will seek to action these quick wins with an assumption of support from the Board for this twin track activity.
- 3.46 The review focuses its conclusions on 5 significant areas:
- Governance Foundations and Fundamentals
 - Governance Culture and Behaviours
 - Governance as an enabler
 - The Governance Framework
 - Governance Processes
- 3.47 The review will be fed into developing a single Improvement Plan and will also be considered at the next meeting of Audit & Governance Committee and a future meeting of Overview & Scrutiny Committee.
- 3.48 **Board is asked to note the review of governance and ways of working attached at Appendix A.**
- 3.49 Board may want to consider its next steps and role in analysing the Independent Review of Governance and its findings in more detail.

Improvement Board

- 3.50 Early discussions identified that an approach that would have the support of DLUHC and which would attract the assistance of the LGA is a locally owned Improvement Board. Given that the events currently in progress at CPCA are generating considerable interest from a range of external stakeholders, this is an important consideration.
- 3.51 Board considered options for a locally led Improvement Board in June and felt that more needed to be done to focus and enhance its proposed remit and recognised the need for work to be done on proposed membership.
- 3.52 The Audit & Governance Committee have also expressed concerns regarding the previous draft terms of reference for the Improvement Board, noting that they did not feel that they were fit for purpose as its composition was not clear and it did not address the full range of issues identified by the External Auditors. Further work was needed by the Authority, with advice from the Internal Auditors, to establish clearly what needed to be done to rectify the identified weaknesses.
- 3.53 Proposals for the locally led Improvement Board and its membership and terms of reference will be brought to the Board for consideration following completion of the self-assessment exercise and development of a draft Improvement Plan. It is anticipated that this will come to the 21 September Board meeting.

4. Additional Improvement Actions

- 4.1 There are a number of ongoing improvement actions that relate to the operation of the formal governance process, employment processes, internal organisational development and other matters that will move the Authority forward and relate to concerns raised by the external auditor and/or the necessary improvement journey.
- 4.2 This refers to alignment of work programmes by Audit & Governance Committee and the Overview & Scrutiny Committee on improvement activity and the demonstration by Board members of appropriate behaviour regarding the functioning of Board meetings.
- 4.3 The intent is to review the existing 'Even Better' transformation programme and reshape and repurpose it in support of the improvement plan.

Ongoing Improvement Action

- 4.4 The Authority has successfully undertaken a recruitment exercise to appoint an Interim Chief Executive to provide immediate leadership and direction.
- 4.5 Audit & Governance Committee have recommended a Member Officer Protocol to the Board for consideration on 27 July for formal adoption into the constitution, this will significantly strengthen the existing Member and Officer code of conducts.
- 4.6 Further work is underway to develop a strengthened Member code of conduct supported by further protocols to specifically address social media use. The intention is to focus on reviewing the code of conduct, Member – Officer protocol and develop a social media protocol for proposal to the Audit & Governance Committee before the end of 2022.

5. Next Steps

- 5.1 The next steps following consideration of this report will be:
 - Undertaking of self-assessment exercises
 - Analysis of all data, including the self-assessment exercises and review of governance, to inform a draft Improvement Plan
 - Draft Improvement Plan presented to Board (anticipated at 21 September 2022 meeting)
 - Proposals for a locally led Improvement Board, including terms of reference presented to Board (anticipated at 21 September 2022 meeting)

Significant Implications

6. Financial Implications

- 6.1 There is budget provision for all currently vacant tier 2 posts in the CPCA Establishment structure including the Director of Corporate Services and Director of Business and Skills posts. Appointments to Chief Officer and Statutory Officer posts should be made within the existing staffing budget.
- 6.2 Any additional capacity required to scope, develop and deliver CPCA Improvement capacity would be funded from the CPCA Programme Response Fund.

6.3 Subject to approval provision of £1.25m has been made in the 2022/23 budget for the Programme Response Fund to allow flexibility to respond to emerging issues and opportunities. The Board is requested to approve the use of £750k of this to support the Improvement Programme.

7. Legal Implications

7.1 Chapter 4 paragraph 1.12(g) of the Constitution provides that the Board can make decisions related to the appointment of Statutory Officers. In addition, chapter 1 paragraph 15.3 provides for “The functions of the Combined Authority may be undertaken by the Board or delegated to executive committees or Officers.”. Therefore, the Constitution empowers the Board to delegate authority to the Interim Chief Executive as requested in this report.

7.2 The Authority has a duty to ensure good governance and to fully respond to and engage with the report of its external auditors. The Authority’s Local Assurance framework confirms that as *“a statutory local authority, the governance, decision-making and financial arrangements are in line with local authority requirements and standard checks and balances. The Combined Authority will act in a manner that is lawful, transparent, evidence based, consistent and proportionate.*

8. Public Health implications

8.1 No Public Health implications are directly identified within this report at this stage.

9. Environmental and Climate Change Implications

9.1 No Environmental and Climate Change implications are identified within this report at this stage.

10. Other Significant Implications

10.1 The external auditors have highlighted a significant risk that the Authority has insufficient capacity, capability and an inappropriate culture to support the effective governance and operation of the organisation and how it discharges its statutory services. This has led to engagement with DLUHC in order to determine necessary next steps in response. Not responding to the external auditor concerns would represent a significant risk to the Authority.

11. Appendices

11.1 Appendix A – Independent review of Governance and ways of working

12. Background Papers

12.1 External Auditor letter to Chair of Audit & Governance Committee dated 1 June 2022

12.2 DLUHC guidance note ‘Addressing cultural and governance failings in local authorities: lessons from recent interventions’.