

**REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY
AUDIT COMMITTEE**

DATE: 2 MARCH 2023

REPORT TITLE: RESPONSE TO AUDIT FINDINGS AND ACTION PLAN

DIRECTOR: JESS LEE

AUTHOR: RACHEL PYKETT

Purpose of Report

- 1 At their meeting on 9 December 2022, the Combined Authority's Committee approved the attached emerging action plan developed in response to the findings of the recent external audit report. The Committee agreed that the action plan should be presented to Audit Committee to consider and review with feedback presented back to the Committee at the meeting on 17 March 2023.

Recommendation

It is recommended Audit Committee:

1. Review the emerging action plan, highlighting any feedback to be presented back to CA Committee.
2. Note the terms of reference agreed for the Independent Peer Challenge Review that CA Committee agreed should be taken forward with the support of SOLACE.
3. Note that the Chair of Audit Committee has been interviewed by the SOLACE team as part of the Peer Review process and will continue to be involved as the work progresses.

Background / Issues for Consideration

- 2 At the CA Committee meeting on 9th December, committee resolved to fully accept the findings of the report presented by the external auditors and to consider and approve the emerging action plan. The emerging action plan discussed by CA Committee on the 9th December is attached at Annex 1.
- 2.1 Committee resolved that the action plan should be presented to Audit Committee and Scrutiny & Overview Committee for review and feedback to the

CA Committee.

- 2.2 The Committee should note that since the December Committee meeting a work programme for the Independent Peer Challenge Review led by the Society of Local Authority Chief Executives (SOLACE) has been agreed. The review will provide recommendations on the action needed to address the conclusions of the audit report (in response to SR1, SR2, KR1, IR1 and IR4).
- 2.3 The full Terms of Reference for the Independent Peer Challenge are set out at Annex 2. This work will provide conclusions on the action needed to improve the ability of the CA and its constituent authorities to:
- effectively develop and agree overarching strategies and associated delivery plans for the region
 - establish clarity of purpose for what the Combined Authority is there to do and that constituent authorities will agree to provide the landscape, operational freedoms and support the Combined Authority in seeking to achieve
 - put the right arrangements in place to enable positive collaboration between the Combined Authority organisation and constituent authorities
 - support Combined Authority committee members to provide clear and effective leadership and direction for the benefit of the region
 - improve the capability of the Combined Authority to be an effective organisation, working as part of a broader local system
- 2.4 The Chair of Audit Committee has been interviewed early in the process of delivering the Independent Peer Review to ensure the perspective of Audit Committee is appropriately reflected in the approach taken to this work. The Chair will continue to be involved as the work progresses.
- 2.5 The Action Plan is attached at annex 1. The Audit Committee is asked to consider it and provide feedback for the West of England Combined Authority Committee to consider at its meeting on 17th March 2023.

NEXT STEPS

- 3 The feedback on the action plan from Audit Committee and Overview and Scrutiny Committee and will be presented to the March CA Committee meeting and the revised action plan will be considered for approval.

Consultation

- 4 The Action Plan and Independent Peer Challenge Review terms of reference set out in this report have been developed in collaboration with the constituent local authorities of the CA.

Other Options Considered

- 5 The decision relating to the Action Plan that was agreed at CA Committee was for the plan to be taken to Audit and Overview & Scrutiny Committees for review and comment. There are no other options to consider in relation to this report.

Risk Management/Assessment

- 6 The recommendations in this report will ensure the views of Audit Committee are reflected in the Action Plan, mitigating any risk of the Action Plan being finalised without appropriate scrutiny.

Public Sector Equality Duties

- 7 There are no specific public sector equality duties associated with this report over and above those normally applied.

Climate Change Implications

- 7 The Combined Authority's Climate Emergency Action Plan has been considered in the production of this report. There are no specific points of particular relevance associated with this report.

Report and advice reviewed and signed off by: Roger Hoare

Finance Implications, including economic impact assessment where appropriate:

- 8 There are no direct finance implications associated with this report. The delivery of the action plan will highlight any financial issues that require attention.

Report and advice reviewed and signed off by: Stephen Fitzgerald

Legal Implications:

- 9 There are no direct legal implications in this report. Delivery of the Action Plan will strengthen protocols around the seeking and delivery of legal advice and the position of the CA monitoring officer.

Report and advice reviewed and signed off by: Stephen Gerrard

Human Resources Implications:

- 10 There are no direct HR implications from this report. Delivery of the Action Plan may raise HR issues, which will be dealt with as progress against the Action Plan takes place.

Report and advice reviewed and signed off by: Alex Holly

Appendices:

List any appendices to the report:

Appendix 1 – Action Plan as reviewed by CA Committee 9th December 2022

Background papers:

Auditors report on Governance Matters: <https://westofengland-ca.moderngov.co.uk/documents/s5406/Auditors%20Report%20on%20Governance%20Matters.pdf>

CA Committee paper (09.12.22) Consideration of the Committee's response to the Audit Findings: <https://westofengland-ca.moderngov.co.uk/documents/s5405/Audit%20findings.pdf>

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ANNEX 1: ACTION PLAN AS REVIEWED BY CA COMMITTEE ON 9TH DECEMBER 2022

| Recommendation | Accepted | Issues to be addressed | Response | Action | Measure of outcomes | Timescale |
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| <p>SR1 <i>The Mayor and members of the Combined Authority represented by the Council Leaders, must commit to improving their working relationship and demonstrate that significant progress has been made within a reasonable timeframe to be determined by the Mayor and Combined Authority. This should include a role for independent mediation and the constructive consideration of advice arising from this process (SR1)</i></p> | Yes | <ul style="list-style-type: none"> • Culture & behaviour • Mediation & Relationships • Communication <p>Internal Decision making</p> | <ul style="list-style-type: none"> • We recognise there have been strained relationships. Work is ongoing to promote greater understanding among West of England partners. • This is part of a longer-term ongoing conversation which will require engagement at all levels between the Combined Authority and Unitary Authorities and LEP as we develop, improve and embed new working practices to adapt and reflect changing circumstances. | <ul style="list-style-type: none"> • Leaders will continue to regularly meet with the Combined Authority Mayor as required to both address any concerns early and to identify opportunities. • A programme of activities to agree regional priorities will take place in 2023. This will involve free and frank discussion regarding the allocation of existing resources in the context of new and emerging challenges, such as inflationary pressures, to primarily focus on the delivery of projects. A Regional Priorities workshop which leaders have all agreed to attend is scheduled for January. • Board members will be involved at an earlier stage in setting a strategic regional direction • Consideration of appropriate attendees (wider than Mayors, Leaders and CEOs) to attend the regional prioritisation workshop will be made (including regional finance officers (S.151) officers, Directors for Infrastructure, and independent voice(s)), to ensure the workshops results in meaningful outcomes | <ul style="list-style-type: none"> • Implement a programme of activities to discuss regional priorities with leaders, senior officers and board members • Regional priorities paper to be considered by Combined Authority Committee in March 2023. • Timely Committee meetings to be held • To allow for maximum participation leaders & senior leaders will be given advance notice of meetings. <p>Agendas and Papers will be issued in good time in advance of meetings taking place.</p> | March 2023, and Ongoing |

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| <p>SR2 - A formal protocol should be agreed between member organisations within the Combined Authority to commit to consultation on key proposals, that they should define, at an earlier stage. Combined Authority members should engage effectively in this process, to help mitigate points of contention before they are published and debated in public. This should include a commitment to deliver proposals on a reasonable timetable</p> | <p>Yes</p> | <ul style="list-style-type: none"> • Working practices • Culture & solution development • Communication <p>Internal decision making</p> | <ul style="list-style-type: none"> • Senior officers in the Combined Authority and Unitary Authorities play a key role in finding solutions to contentious problems all year round. We value this important work, and we will ensure this is standard practice as a move forward. • We recognise that constructive relationships are as important as processes. • All West of England partners will commit to meaningful consultation when developing solutions and proposals to help leaders to mitigate points of contention where possible ahead of Combined Authority Committee meetings. • Further work to find solutions to operational matters will continue with a view to embedding new working practices which will be developed with all partners. <p>Meaningful engagement with Combined Authority Scrutiny and Audit Committees will continue ahead of CA committee meetings to ensure</p> | <ul style="list-style-type: none"> • Senior Officers will meet collectively and individually with their counterparts as policies and projects progress, from conception to delivery and evaluation. • The Combined Authority will ensure that Cabinet Members from the Unitary Authorities can request briefings with senior CA officers as required. Any existing regular meetings will continue in line with agreed arrangements. • An officer delivery board has been established and meets twice a month to review progress on agreed projects and to provide challenge and support to ensure more timely delivery on all projects where relevant. These boards will continue and will report directly to regular joint CEO meetings. This process will be reviewed to further strengthen the board if necessary. <p>To help support driving delivery of key projects, proposals will include a commitment to deliver on a reasonable timetable (agreed by the Committee), which will be included in relevant papers going forward.</p> | <ul style="list-style-type: none"> • Implement a programme of activities to discuss regional priorities with leaders, senior officers and board members • Regional priorities paper to be considered by Combined Authority Committee in March 2023. • Timely Committee meetings to be held • To allow for maximum participation Mayors, Leaders & Senior Officers will be given advance notice of all meetings. • Agendas and Papers will be issued in good time in advance of all meetings taking place (public and private) to enable proper consideration and informed debate to take place in the meeting.) • Papers detailing proposals will contain agreed timetables for delivery. <p>A forward plan of decision making for public meetings will be maintained and published.</p> | <p>March 2023 and ongoing</p> |
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| | | | constructive feedback on key proposals. | | | |
| SR3 - <i>In future, in all circumstances, including where there is a potential conflict of interest affecting individual statutory officers adequate steps must be taken to ensure the statutory duties of these officers is effectively discharged.</i> | YES | <ul style="list-style-type: none"> VfM Communication Transparency <p>Working practices</p> | <ul style="list-style-type: none"> A protocol has been prepared and shared earlier this year with the Auditor and Chair of Audit, which has been designed to manage the rare cases of conflict of interest by statutory officers. This is designed to reflect the unusual circumstances that in a small authority there may not always be another employee able to discharge the role of deputy | <ul style="list-style-type: none"> The protocol will be shared with UA Leaders, Chairs of Audit and Scrutiny for comment before being adopted and published. The protocol will be published on the Combined Authority's website and shared with Combined Authority officers. <p>The Combined Authority Monitoring Officer will brief senior officers regarding the implications of the protocol.</p> | In the unlikely situation that a similar circumstance arises, the Mayor and Unitary Authority Leaders will be briefed by the Chief Executive on a confidential basis. | January 2023 |
| KR1 - <i>The future management structure of the Combined Authority should be reviewed in order to ensure it is fit for purpose in the context of new funding awards and strategic priorities and this must include appropriate consultation and agreement by the CA Committee.</i> | YES | <ul style="list-style-type: none"> Leadership Organisation <p>Culture</p> | <ul style="list-style-type: none"> Recognising that several senior leadership posts are currently vacant and interims are in post, there is an opportunity to develop a new Senior Leadership Structure of the Combined Authority which will be developed in 2023. This structure will reflect the changing funding landscape which has emerged in recent years and will meet the requirements of our strategic priorities. <p>We recognise the need for senior leadership stability and</p> | <ul style="list-style-type: none"> A new Senior Leadership Structure of the Combined Authority will be developed in 2023. The Combined Authority will use expert support to determine necessary skills and appropriate structures are in place so as to recruit suitably skilled permanent staff at pace. It will be agreed in line with the Constitution by the West of England Combined Authority Committee <p>Process regarding Senior Officer appointments to be guided by external expert support</p> | <ul style="list-style-type: none"> A new senior leadership structure will be developed by Combined Authority Officers in consultation with expert support (a third party) A new senior leadership structure will be implemented by October 2023 following engagement and consultation with the Constituent member organisations. <p>All Senior Officer roles will have permanent appointments as soon as practicable.</p> | New senior structure to be implemented by October 2023. |

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| | | | will aim to complete this process by Autumn 2023. | | | |
| <p>KR2 - <i>The Constitution of the Combined Authority should be revised to define the conditions under which it is acceptable for other officers and members to seek independent legal advice, without reference to the Monitoring Officer and/or Head of Legal Services.</i></p> | Yes | <ul style="list-style-type: none"> Working practices Internal decision making VfM | <p>The Constitution of the Combined Authority will be revised to define the conditions under which it is acceptable for other officers and members to seek independent legal advice, without reference to the Monitoring Officer and/or Head of Legal Services.</p> | <ul style="list-style-type: none"> The West of England CA Monitoring Officer will provide wording for the constitution at the next suitable meeting of the Combined Authority Committee (no later than March) in consultation with the Monitoring Officers of the Unitary Authorities. <p>Such a change would require unanimous support of the Mayor and Leaders at a West of England Combined Authority Committee meeting.</p> | Constitution updated to reflect new protocol. | March 2023 or as soon as is practically possible |
| <p>IR1 <i>That consideration of relationships with the Chief Executive Group should be incorporated into any relationship development and mediation work undertaken.</i></p> | Yes | <ul style="list-style-type: none"> Culture & behaviour Mediation & Relationships Communication <p>Internal Decision making</p> | <ul style="list-style-type: none"> Work is underway to establish longer term working practices among all senior officers which embed a culture of mutual understanding and constructive working. We recognise that constructive relationships are as important as processes. <p>Staff survey results to be reported back to committee.</p> | <ul style="list-style-type: none"> Senior Officers will continue to meet collectively and on a 1:1 basis going forward. All Senior officers will work collaboratively and engage in meaningful consultation when developing solutions and proposals to help leaders to mitigate points of contention where possible ahead of Combined Authority Committee meetings. Where possible, matters of contention will be flagged with all senior officers in good time to allow for solutions to be developed ahead of Combined Authority meetings. All Senior Leaders will commit to promote a culture of respect and understanding at all times. Where relationships require support, Senior Leaders will seek mediation at an early stage to ensure good | <ul style="list-style-type: none"> Senior Officers and CEOs will continue to meet regularly at a regional level. Areas of contention will be shared with partners in good time to enable solutions to be developed where possible. Agendas and Papers will be issued in good time in advance of meetings taking place. | March 2023 |

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| | | | | <p>working practice continue and solutions can be developed.</p> <p>A forward plan of decisions and activities to help with planning / resourcing / engagement for CEOs meeting will be developed.</p> | | |
| <p>IR2 <i>That the constitution be reviewed, as previously considered by Combined Authority Members. This should incorporate the new Monitoring Officer protocol but also focuses on the specific ambiguities raised in the recent legal advice including the definition of statutory roles, delegated powers, managing conflicts of interest, decisions on all senior staffing matters including restructure and severance. The results should be reported to committee and used alongside the points we have raise basis for revision. There may be value in reviewing other Combined Authority constitutions to optimise the opportunity to improve</i></p> | <p>Yes</p> | <ul style="list-style-type: none"> • Constitution • Working practices <p>Internal decision making</p> | <ul style="list-style-type: none"> • The Constitution will be revised to include the new Monitoring Officer protocol <p>MO will discuss this and any further changes to the document in consultation with the Unitary Authority MOs, which would require unanimous support of the Mayor and Leaders at a West of England Combined Authority Committee meeting.</p> | <ul style="list-style-type: none"> • The Constitution will be revised to include the new Monitoring Officer protocol. • Regional MOs to meet regularly to discuss any matters regarding the constitution that need addressing. | <p>The Constitution will be revised to include the new Monitoring Officer protocol and wider issues identified in IR2.</p> | <p>March 2023</p> |

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| <p><i>the document in these areas.</i></p> | | | | | | |
| <p>IR3 <i>That the performance reviews of the senior officers be formally recorded, including reasonable steps taken to manage issues and provide access to resources to enable skills development as appropriate.</i></p> | <p>Yes</p> | <ul style="list-style-type: none"> • Performance Working practices | <ul style="list-style-type: none"> • The annual performance reviews of all senior officers will be formally recorded, including reasonable steps to manage issue and provide access to support and resources to enable skills to develop as appropriate. • Reviewing GT ‘Auditing Culture’ Report: Auditing Culture and to consider how best practice can be implemented in the Combined Authority. • Organisational Performance Reports to be developed and shared with all CA partners, which would include staff survey results, turnover, KPIs. <p>Process for managing senior officer performance to be shared with UA partners.</p> | <ul style="list-style-type: none"> • Internal actions put in place to ensure Performance reviews are formally recorded. • Consideration of the GT Auditing Culture report made by the Head of HR in consultation with UA HR leads (and others as relevant), and recommendations for improvement made for consideration by the constituent member CEO group <p>Process agreed by March 2023 for the recording and sharing of key organisation performance indicators and information with member organisations relating to organisational culture and health</p> | <ul style="list-style-type: none"> • Performance reviews to be formally recorded. Head of HR to provide confirmation process has been implemented by January. Process for managing senior management performance shared with UA partners. <p>Positive staff survey results and feedback at all levels of the organisation. Results shared with CA lead members and CEOs on a regular basis.</p> | <p>January and March 2023 respectively</p> |
| <p>IR4 – <i>That the Monitoring Officer role retains its current seniority at Director level in any future restructure or that sufficient safeguards are implemented to protect the authority and influence of the role.</i></p> | <p>Yes</p> | <ul style="list-style-type: none"> • Leadership • Organisation structure • Culture | <p>The Monitoring Officer will remain as a Director role in any future senior leadership structure which will be considered by the Combined Authority Committee. Any change would require a vote of the West of England Combined Authority Committee.</p> | <p>Monitoring Officer to be confirmed at Director Level in any future leadership structure. Any change would require a vote of the West of England Combined Authority Committee.</p> | <p>Monitoring Officer role retains its current seniority at Director level in any future restructure. Any change would require a vote of the West of England Combined Authority Committee.</p> | <p>Ongoing</p> |

ANNEX 2: TERM OF REFERENCE FOR INDEPENDENT PEER CHALLENGE REVIEW

The review will include consideration of:

- The extent to which there is a consistent view of the role and purpose of the West of England Combined Authority
- how the CA and its constituent members can improve their ability to set a clear and agreed ambition for the region and their partnership.
- the working relationships and supporting architecture required to enable effective collaboration both between politicians and between chief officers across the CA and its constituent member organisations.
- the role of statutory officers in circumstances when a potential conflict is identified.
- In the light of the above, whether there is sufficient appropriate leadership and capacity to be able to deliver the ambition, objectives and statutory responsibilities of the West of England Combined Authority

The report produced as part of this review will include consideration as to whether the existing action plan resulting from the recent value for money audit report requires any amendment. The action plan sets out the intention to report on progress swiftly including with reports back to the Combined Authority Committee initially at the March meeting to ensure agreement ahead of pushing on with delivery. The fortnightly meeting of CEOs will receive updates on the work as it progresses.

In order to answer these questions, the following areas will be considered:

- the operation, culture and structure of the Combined Authority, and of the constituent Unitary Authorities insofar as it relates to regional partnership working;
- the effectiveness of arrangements in place to support the required collaboration between political and organisational leadership of the Combined Authority and constituent members;
- the capacity and/or capability to provide the Combined Authority with clear and effective strategic direction;
- adequacy and use of resources and the impact of governance on the Combined Authority's ability to deliver best value;
- the appropriateness of the Governance arrangements of the Combined Authority to enable delivery, including the constitution and the schemes of delegation;
- the culture of openness, transparency and trust within and between the officers and members of the Combined Authority Committee and Unitary Councils;
- openness to robust, constructive, high support challenge;
- the effectiveness of working relationships and engagement with partners, including North Somerset.

This work will provide conclusions on the action needed to improve the ability of the CA and its constituent authorities to:

- effectively develop and agree overarching strategies and associated delivery plans for the region
- establish clarity of purpose for what the Combined Authority is there to do and that constituent authorities will agree to provide the landscape, operational freedoms and support the Combined Authority in seeking to achieve
- put the right arrangements in place to enable positive collaboration between the Combined Authority organisation and constituent authorities
- support Combined Authority committee members to provide clear and effective leadership and direction for the benefit of the region
- improve the capability of the Combined Authority to be an effective organisation, working as part of a broader local system