

## Corporate Risk Register – Governance VfM Risk Details

### Cause

The external auditor identified in July 2022 that there were:

Weaknesses in the Authority’s governance arrangements. As a result of these weaknesses, they were concerned 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.

In the annual audit report issued to the Audit & Governance Committee on the 08 March 2024, the external auditor identified progress against their July 2022 concerns and noted the effective conclusion of the code of conduct investigation, that senior capacity had been significantly strengthened with the majority of senior roles now filled by permanent staff and that the authority had developed an improvement plan that was being delivered and making significant improvements against the original concerns.

DLUHC similarly reflected the positive progress made to date on the improvement programme, but issued a new best value notice for 6 months on the 30 January 2024, focusing on the embedding of the improvements made, the need for an agreed vision and shared ambitions, further work to embed a positive culture particularly at board level and continuing work to strengthen partnerships across and beyond the region.

DLUHC has paused the Mayoral Capacity Fund and LEP core funding for 2022/23 and 2023/24 until it is confident that sufficient improvements have been made to warrant their release.

### Effect

Potential loss of the Mayoral Capacity Fund and the LEP core fund for 2022/23 and 2023/24 totalling around £2.6m unless CPCA can demonstrate the required improvement to DLUHC.

Potential continued inability to demonstrate best value which would put at risk other potential funding sources and have a negative impact on the reputation of the Combined Authority.

### Risk score

SCORING			
	INHERENT	RESIDUAL	TARGET
Impact:	5 - Critical	2 - Minor	2 - Minor
Likelihood:	3 - Possible	2 - Unlikely	2 - Unlikely
Priority:	<b>22 - Very High</b>	<b>5 - Low</b>	<b>5 - Low</b>

### Controls

- Both the A&G and O&S Committees have been briefed on the issues and are making their own recommendations to the board and will work to support the CPCA in resolving the issues raised by EY.

- Permanent appointments have been made to all CMT roles including a permanent CEO who started in June 2023 and clear processes in place to replace any CMT role in the future with a permanent appointment as required.
- Regular engagement with external auditors, Independent Improvement Board, DLUHC and BEIS.
- Letter written by CEO to DLUHC and BEIS officials seeking release of the funds now that significant improvements have been made, or if the departments require further improvements before the funding is released to ask them to be clear about what further improvements are required.
- Improvement Plan in place since October 2022 that has delivered very significant improvements within the Combined Authority and is now moving into phase 3 of its existence to ensure that the issues raised under the latest best value notice continue to be effectively addressed.
- Revised and updated Improvement Plan that focuses on the embedding and the January 2024 Best Value Notice recognises the progress.
- Strengthened and coherent CMT
- Mayoral inductions and early interactions with Mayoral candidates
- Detailed reporting provided to A&G Committee and O&S Committee on performance to ensure both committees are sufficiently aware of any governance issues.

### **Actions**

No actions currently identified as residual is equal to target score. Delivery of controls will continue.

### **Last Review Comments**

External and internal audit opinion has shown progress against identified issues and now we await the conclusion of the Best Value Notice and embedding Improvement Plan to review the score next time.