

## SCR - AUDIT AND STANDARDS COMMITTEE

### MINUTES OF THE MEETING HELD ON:

THURSDAY, 18 MARCH 2021 AT 11.00 AM

### VIRTUAL MEETING



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#### Present:

Councillor Allan Jones (Chair)	Doncaster MBC
Rhys Jarvis (Vice-Chair)	(Independent Member)
Councillor Ian Auckland	Sheffield City Council
Councillor Jeff Ennis	Barnsley MBC
Angela Marshall	(Independent Member)
Councillor Ken Wyatt	Rotherham MBC

#### Officers in Attendance:

Gareth Sutton	Chief Finance Officer/S73 Officer	MCA Executive Team
Dr Ruth Adams	Deputy Chief Executive	MCA Executive Team
Claire James	Senior Governance & Compliance Manager	MCA Executive Team
Emily Hickey	Governance and Compliance Officer	MCA Executive Team
Paul Johnson	Senior Policy Manager	MCA Executive Team

#### In Attendance

Dan Spiller	External Audit
Reyna Ramdhani	External Audit
Lisa Mackenzie	Internal Audit
Andrew Shirt (Minute Taker)	

#### Apologies:

Councillor Ben Curran	Sheffield City Council
Councillor Sioned-Mair Richards	Sheffield City Council
Dr Dave Smith	MCA Executive Team

#### 1 Welcome and Apologies

The Chair welcomed everyone to the meeting.

Apologies for absence were noted as above.

#### 2 Urgent Items/Announcements

None.

3 **Items to be Considered in the Absence of Public and Press**

None.

4 **Declarations of Interest by any Members**

None.

5 **Reports from and Questions by Members**

None.

6 **Questions from Members of the Public**

None.

7 **Minutes of the Previous Meeting held on 21st January 2021**

RESOLVED – That the minutes of the meeting held on 21<sup>st</sup> January 2021 be agreed as a true record.

8 **Actions from the previous meeting**

A report was presented to provide Members with progress updates on Actions/Matters arising from the Audit and Standards Committee held on 21<sup>st</sup> January 2021. It was noted that:

One action was currently outstanding in relation to ‘following-up progress with the HR Team and Union on the approval of the IT Policy and to provide the Chair with a progress update’.

The action to ‘review the format and presentation of the Strategic Risk Registers’ was currently on-going.

A Marshall highlighted that, two actions included within the minutes had not been added to the progress update report, but had been included within reports on today’s agenda. Namely, the use of Internal Audit Contingency days and the Assurance Framework being circulated by email to Members.

9 **Economic Impact of the Coronavirus Pandemic on the Economy**

P Johnson delivered a presentation to provide the Committee with analysis of the main economic impacts of Covid-19 and its implications for the MCA.

The presentation provided details on the Covid-19’s economic impact on jobs, young people, urban centres, and transport.

It was agreed that a copy of the presentation be circulated by email to Members after today’s meeting. **ACTION: P Johnson via C James.**

In summary, the following main points were noted:-

- The number of employees current on the Government's Furlough Scheme in South Yorkshire was low in comparison to other areas in the UK.
- The Claimant Count in South Yorkshire was 6.5%, which was higher than the previous Recession.
- The urban centres within South Yorkshire had seen the biggest impact with regards to jobs in the retail, hospitality and leisure sectors due to Government lockdowns.
- Some job sectors had grown in South Yorkshire during December 2019 to December 2020 (mainly in the health, education, construction and logistics sectors).
- Job postings online had seen a 17% reduction.
- Young people had been impacted the most by the pandemic, leading to redundancy.
- Visits to UK highstreets and shopping centres had plummeted during lockdowns. Bigger cities had been impacted the most. People had been visiting towns, rather than cities.
- It was estimated that the percentage of Sheffield residents in employment able to work from home was in line with national trends. This was very much reduced in Barnsley, Doncaster and Rotherham.
- In future, 1 in 4 jobs in South Yorkshire could be undertaken at home without losing productivity.

Members discussed the effects the pandemic was having upon jobs in South Yorkshire and the economic impact of Covid-19.

R Jarvis asked what the impacts would be in relation to unemployment and business failure, when the Government's Furlough Scheme and Jobs support grants came to an end.

P Johnson replied that modelling work was currently being undertaken to address the impacts of the termination of the Government's Furlough Scheme and the number of individuals it would impact upon.

R Jarvis referred to the transformation of city centres to support business developments. He asked if the MCA would be undertaking further work to regenerate city centres and the transport network; the current 5 year plan did not reflect the future.

P Johnson replied that the Additional Restrictions Grant from Government had been used to help both town centres and young people.

Councillor Jones referred to 'gross value added growth' and asked if assurances could be given to the Committee around the MCA's intention.

R Adams replied that the 2014-2020 Economic Plan had a single priority to grow a bigger and stronger private sector and therefore, the outcomes associated were around jobs growth and gross value added growth.

The new Strategic Economic Plan (SEP) was still focused on growth, but had a broader suite of impacts. In addition to jobs and gross value added, the SEP looked at wider impacts around inclusive places and sustainability. The SEP

had been founded on three pillars, namely, 'growth', 'sustainability' and 'inclusion'.

In response to the Covid-19 outbreak the Renewal Action Plan had been developed, setting out how the city region would recover from the Covid pandemic, which highlighted that jobs are the short-term priority. For the next year / two years, the MCA had stated they would focus on the stabilisation of the business base and jobs.

The Renewal Action Plan contained timescales and implementation plans had been developed and actions were being mobilised. Alongside this the SEP aspirations for businesses resilience through innovation, trade and international partnerships, were being progressed.

A Marshall asked if the Adult Education Budget would be utilised to help the hardest hit groups affected by the pandemic by directing and advising where training needs to take place.

R Adams replied that the MCA would take control of the Adult Education Budget in August 2021. Officers were currently in the process of procuring and working with grant providers. The Adult Education Budget was one tool the MCA will use, alongside Gainshare investment to focus on job support and promotion of apprenticeships.

The MCA's Education, Skills and Employment thematic Board were currently working on a programme to respond to this challenge.

RESOLVED – That the Audit and Standards Committee noted the presentation.

10

### **Progress Update on the MCA's Response to the Bus Review**

A report was presented to provide the Audit and Standards Committee with an update on the 7-point plan that was agreed by the MCA in response to the Bus Review.

Members noted that progress had still been made despite the challenging context and over the last 12 months. Work had also continued to implement the 7-point plan. The MCA remained committed to improving the bus system in South Yorkshire and have invested c.£17m over the last 12 months to support operators as well as allocating c.£7m for the future protection of priority services.

Paragraph 2.2 of the report provided Members with further details on the progress which had been made over the last 12 months.

Looking ahead, the anticipated National Bus Strategy from Government would be critical to informing the MCA's future bus recovery and improvement strategy.

The Committee noted that, possible Government Bus Recovery funding (which would follow the current emergency support grant) may require the MCA's commitment to explore statutory changes to the bus operating model. A paper

was currently being prepared to obtain the MCA's views.

Members noted that the Mayor had recently announced an extension of the current Young Persons discounted travel arrangements for a 12 month period to help young people who had been impacted the most by the Covid pandemic.

To deliver the MCA's ambitious programme of work and respond to any work arising as a result of the National Bus Strategy, paragraph 2.4 of the report provided further details on the additional resources which had been implemented. A meeting was scheduled with the Mayor during week commencing 22<sup>nd</sup> March 2021, to discuss the National Bus Strategy.

Members noted that all significant risks concerning finance, pandemic response and changes to regulatory environment were captured and monitored in the strategic risk register. Further details were presented within paragraph 3.3 of the report.

Appendix A to the report provided Members with a detailed progress update on the MCA's response to the Bus Review.

In response to Councillor Auckland's questions around Enhanced Partnerships or Franchising routes, S Edwards said that the Bus Strategy asked for a commitment to pursue one, or both Statutory options by 1<sup>st</sup> July. As region, there would need to be a commitment around one, or two Statutory options to continue to receive Government support.

Councillor Auckland asked if officers were confident they had the correct resources available to deliver the MCA's ambitious programme of work and respond to any work arising as a result of the National Bus Strategy.

S Edwards replied that the total amount of resource required was currently being assessed. A Programme Director had been appointed and was currently examining the amount of resource required to deliver the 7-point plan and work arising as a result of the National Bus Strategy.

It was confirmed that provisions had been earmarked in the budget to cover work in this area. In addition, officers had been working with the DfT to obtain £100k of Additional Capacity Funding, which had been made available to Local Transport Authorities.

In relation to the timescales for implementing an Enhanced Partnership, Members were informed that the Bus Strategy was looking for an Enhanced Partnership to be implemented within 12 months, (by June 2022). There would be a challenge to use existing expertise and back-fill the resources.

Councillor Auckland asked if the risk management framework would be reported to this Committee in future.

S Edwards said that the risk management framework was currently being developed and could be reported back to the Committee.

R Adams highlighted that the risks set out within the report were contained

within the MCA's strategic risk register.

R Jarvis asked if there was an option for local authorities to run the local bus network.

In response, S Edwards said that, currently, local authorities were prevented from creating a municipal bus company. However, this did not prevent them from taking over an existing bus company, if deemed to be appropriate.

R Jarvis requested that health and safety be added to the risk register due to the merger of SYPTTE into the MCA.

R Adams said that all health and safety obligations currently rested with the bus operators. It was confirmed that work would need to be undertaken to explore with the Monitoring Officer, what, if any, the obligations are over and above those of the bus operators.

Councillor Jones asked that the Committee be kept updated on progress at future meetings and included within the Committee's forward work programme.  
**ACTION: C James.**

RESOLVED – That the Audit and Standards Committee noted and commented on the report.

## 11 **Assurance and Monitoring and Evaluation Frameworks**

A report was presented to remind Members that, each year the MCA and LEP are required to update and publish its Assurance Framework to outline that robust, transparent and effective governance arrangements are in place.

Following devolution, the Assurance Framework also needs to be approved by four Government departments. The MCA was also required to produce and publish a Monitoring and Evaluation Framework alongside the Assurance Framework to outline how projects and programmes funded with devolved and awarded monies will be robustly monitored and evaluated. This also requires Government approval.

Members noted that the MCA would formally consider the two frameworks at their meeting on 22<sup>nd</sup> March 2021 in order that they can be submitted to Government for approval before 31<sup>st</sup> March 2021. The report presented at today's meeting summarised the amendments that had been incorporated.

Paragraph 2.3 of the report set out the key amendments to the Assurance Framework, which were noted by Members'. Appendix 1 to the report set out the Draft Assurance Framework 2021.

Members noted that, further to the presentation of an early draft of the Monitoring and Evaluation Framework to the MCA Board on 25<sup>th</sup> January 2021, the Monitoring and Evaluation Framework had been further refined.

The Monitoring and Evaluation Framework attached at Appendix 2 to the report included the logic models that would be used to evaluate the impact of

programmes and projects by thematic area, against the SEP and RAP targets, and to include the Monitoring and Evaluation Plans required for individual programmes, specifically Transforming Cities Fund (TCF).

R Jarvis referred to Figure 4 – ‘Renewal Action Plan’ and reference to helping 35,000 people re-engage. He asked if the figures related to before the Covid-19 pandemic, or if the figures needed to be adjusted to take account of the Covid-19 pandemic.

R Adams said that the figures contained at Figure 4 were those which were agreed when the Renewal Action Plan had been presented to Members, which were a bestcase scenario. It was confirmed that the figures would be monitored.

A Marshall asked if the integration of SYPTE into the MCA would be completed by the end of the financial year 2021/22.

R Adams replied that the MCA were aiming to progress the soft integration as much as possible during the financial year 2021/22. It was currently unknown when the Parliamentary Order would be made.

A Marshall asked if the narrative within the Assurance and Evaluation Framework could be expanded around the role of the Audit and Standards Committee in relation to the Assurance and Evaluation Framework.

R Adams confirmed that the narrative within the report had been updated. It was agreed that the revised wording would be circulated to Members after today’s meeting. **ACTION: R Adams via C James.**

R Jarvis referred to the Gender Equality Statement at 3.36 of the Draft Assurance and Evaluation Framework. He asked if the LEP Board was able to meet this milestone by March 2023.

R Adams replied that initially the statement was for private sector Board places only but that Government had insisted this was for all members including the public sector and therefore this would be a difficult task. It was noted that representations had been made to Government to state that, this was not within the LEP Board’s gift to influence the democratic process.

Councillor Jones said that Assurance and Evaluation Framework was very similar to the MCA’s Constitution. He asked why it was repeated within the document.

R Adams replied that whilst the Assurance and Evaluation Framework draws upon the Constitution, the Constitution sets out how the MCA is established and operates, the Assurance Framework establishes how the Mayor, MCA and LEP work together, make decisions and how investment proposals are evaluated and tested to ensure Value for Money.

A workshop session to provide detail on the Assurance and Evaluation Framework was scheduled with Members of the Overview and Scrutiny Committee. It was agreed that sessions would also be made available to Audit

and Standards Committee Members.

Councillor Jones asked if the Committee could receive further details on Gainshare and the Gateway Review Process.

R Adams replied that, it may be appropriate, at a later date, when further clarity had been received, to schedule reports in relation to Gainshare and the Gateway Review Process on the Committee's Forward Plan, as this is known.

RESOLVED - That the Audit and Standards Committee:

1. Noted, at section 2.3, the key amendments that had been made to the Assurance Framework to ensure compliance with the Government's requirements on Gainshare and the Gateway Review Process.
2. Noted the updated Assurance Framework set out at Appendix 1, pending any amendments required by the MCA on 22nd March 2021.
3. Noted the updated Monitoring and Evaluation Framework set out at Appendix 2, pending any amendments required by the MCA on 22nd March 2021.

## 12 **External Audit Update**

The Committee received a verbal update from D Spiller on External Audit matters.

Members were introduced to Reyna Ramdhani, Audit Manager at Ernst and Young (EY). R Ramdhan would be taking over from D Spiller as Audit Manager for both the MCA and SYPTE external audits later in the year, following a period of hand-over.

Members were informed that Stephen Clark, Partner for EY was currently absent and a decision had been taken to make a permanent change and appoint Hussan Rohimun, Associate Partner, who would shortly take over from Stephen Clark.

At the beginning of March, EY had commenced its interim planning visit for both the MCA and SYPTE. There remained some outstanding issues which would need finalising before developing the final Audit Plan, which would be presented at the June meeting.

Members were made aware that the Audit Plan was slightly behind schedule, where it had been in previous years. This was representative of continued pressures within audit across the country in all sectors due to closing 2019/20 work.

D Spiller made the Committee aware that there had been delays experienced during the 2019/20 audit of accounts, due to EY awaiting reporting from South Yorkshire Pensions Authority's External Auditor in respect of the Local Government Pension Scheme assets. To ensure no delays were experienced during 2021/22, it would be essential to obtain a reporting timescale from South Yorkshire Pensions Authority to enable EY to undertake work to sign-off the accounts on time.



Councillor Jones proposed that the MCA Audit and Standards Committee and SYPTE Audit and Risk Committee issued a letter to South Yorkshire Pensions Authority to request a timescale for the completion of their External Auditor's reporting in respect of the Local Government Pension Scheme assets.

The Committee supported the proposal and authorised M Thomas to issue a letter on its behalf. As Chair of SYPTE's Audit and Risk Committee, A Marshall also supported the proposal. **ACTION: M Thomas.**

RESOLVED - That the Audit and Standards Committee noted the verbal update.

### 13 **Internal Audit Plan 21/22**

L Mackenzie provided a verbal update on the Internal Audit Plan for 2021/22.

Members were informed that Internal Audit were currently in discussion with key staff within the Authority to develop the Internal Audit Plan for 2021/22. It was noted that, development of the Internal Audit Plan was currently behind schedule, which ideally would have been presented at today's meeting for approval.

L Mackenzie asked the Committee to delegate authority to Internal Audit to agree the Audit Plan outside of the Audit Committee, which would allow Internal Audit to commence work in April 2021 on the Audit Plan.

The Internal Audit Plan for 2021/22 would be presented to the Committee for formal approval in June.

The Committee approved the proposal.

RESOLVED - That the Audit and Standards Committee noted the verbal update.

### 14 **Internal Audit Plan 20/21 Progress Report**

L Mackenzie presented an update on the progress to date against the 2020/21 Group Internal Audit Plan.

It was noted that 39 of the 55 days in respect of MCA reviews had been delivered. A total of 160 days of the 272 days in the joint audit plan had been delivered, a detailed breakdown was contained within the report.

L Mackenzie informed Members that there were a number of proposed changes to the plan for the Committee's consideration, including the re-allocation of contingency days.

It was proposed to utilise the contingency days to carry out four reviews. Further details were presented within the report.

Members noted that since the last meeting of the Committee, the AMP Technology Centre audit report had been finalised and received a partial

assurance opinion with improvement required.

The report also included details of work in progress and changes to the audit plan since the last meeting of the Committee.

Members noted that the audit plan was under constant review due to the Covid-19 outbreak and the uncertainty of its impact. Subsequently a number of changes had been made resulting in an additional 38 days being moved to the Contingency budget, increasing the total balance to 63 days.

**N.B. At this point in the meeting, the Committee was no longer quorate, following Councillor Ennis and Councillor Wyatt leaving the remote meeting.**

Following discussion, the Chair agreed to terminate the meeting and requested C James to make arrangements to re-convene a meeting of the Audit and Standards Committee at a future date to allow the Committee to consider the outstanding items of business due for consideration at today's meeting.

**ACTION: C James.**

C James advised Members that she would discuss this request with the Authority's Monitoring Officer, with a view to the Monitoring Officer issuing a reminder to the respective Local Authority Monitoring Officers about the importance of their elected Members attendance at future Audit and Standards Committee meetings. Councillor Jones asked that he be kept notified of discussions. **ACTION: C James.**

In terms of learning points from today's meeting, R Adams said that officers would look to arrange future agendas into reports for decision, noting and for information. If the number of reports due for consideration at a future meeting were considerable, then an extended meeting would be called.

15 **Internal Audit Reports**

The meeting was stopped as the Committee was no longer quorate.

16 **Strategic Risk Monitoring**

The meeting was stopped as the Committee was no longer quorate.

17 **20/21 Annual Governance Review - initial findings**

The meeting was stopped as the Committee was no longer quorate.

18 **Internal Audit Recommendation Tracking Report**

The meeting was stopped as the Committee was no longer quorate.

19 **Draft Treasury Management Strategy**

The meeting was stopped as the Committee was no longer quorate.

20      **Work Plan**

The meeting was stopped as the Committee was no longer quorate.

21      **Any other business**

The meeting was stopped as the Committee was no longer quorate.

I, the undersigned, confirm that this is a true and accurate record of the meeting.

Signed \_\_\_\_\_

Name \_\_\_\_\_

Position \_\_\_\_\_

Date \_\_\_\_\_