

Overview and Scrutiny Committee

20 January 2022

Integration of MCA and PTE

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Governance
Is this a Key Decision?	No
Has it been included on the Forward Plan	No

Director Approving Submission of the Report:
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Executive Summary

The MCA, at its meeting 27 July 2020, agreed to begin the process for integrating the South Yorkshire Passenger Transport Executive (SYLTE) fully within the MCA. This report provides an update of progress, governance and next steps.

What does this mean for businesses, people and places in South Yorkshire?

The decision to formally integrate the PTE and MCA was made in order to ensure greater political oversight and decision making of passenger transport services in South Yorkshire.

Recommendations

OSC Members:

1. Note the update and the governance assurance undertaken and identify if additional information is required.
2. Consider the role of the OSC and the forward work programme, in light of the additional MCA responsibilities for public transport.

Consideration by any other Board, Committee, Assurance or Advisory Panel

Mayoral Combined Authority Board
Audit and Standards Committee

15 November 2021
27 January 2022

1. Background

- 1.1 The MCA, at its meeting 27th July 2020, agreed a course of action to strengthen political oversight of public transport by the dissolution of the PTE, as a standalone separate body and to integrate the PTE functions into a single Executive of the MCA. This decision will enhance the role of the Mayor and the MCA in that the decisions taken by the Board of the PTE are now within the governance and decision-making arrangements of the Mayor and MCA and its statutory committees.
- 1.2 Work to implement the integration of the two organisations into a single Executive is well underway and this report provides Members with an update on activity to date and planned next steps and programme governance and assurance activity.

Since this point a detailed plan to integrate has been developed and is being delivered, and a governance framework implemented to oversee progress towards integration.

2. Key Issues

Progress to integrate

- 2.1 The Programme Board set out two milestones to be achieved to support the desire to integrate the MCA Executive and the PTE prior to the new financial year 22/23:

1. Agree an integrated operating model and organisational design and mobilise this
2. Agree with government the order to formally dissolve the PTE as a legal entity

2.2 Operating Model and Organisational Design

The work to agree the integrated design and operating model for the single Executive has concluded and all employees have been briefed on this in December 21. The design and model creates teams built around the integration of the strategic and support functions of HR, IT, Legal, finance and governance combined with an enhanced focus on the core priorities of the MCA in transport; now including public transport, infrastructure, Net Zero, housing, skills and business growth.

Directors are now in the process of meeting all teams, with HR, to undertake detailed clarification sessions and all employees will be offered a one to one session. Work to confirm officers in post is underway and should 'ringfenced recruitment' be required this will commence in February.

The proposal of having the new organisational design and operating model mobilised by March 31st, 2022 is on track. Planning for additional activity linked to embedding a single way of working, corporate culture and values is planned as a second phase of activity to commence in April 2022.

2.3 Legislative Order

Government has confirmed that it is not in a position to pass the order to dissolve the PTE until after the May elections. We are awaiting further detail and a decision about whether the Government will promote a standalone Order or require it to wait until it can be part of a further devolution order. Thus, whilst the organisation will operate as a single body, with a single Management and governance structure, there are a number of operational issues to address from the PTE still legally existing into the new financial year.

These predominantly are matters of finance and governance, as a separate set of accounts will need to be produced for the PTE for 22/23, the PTE bank accounts will need to be kept open to transact its legal obligations and the position of Director General requires maintaining.

For most issues, the two bodies can operate on an integrated basis and will continue with a single Internal Audit plan, a single Governance Review and Governance Improvement Plan, a single and unified governance and decision-making framework.

2.4 Governance and Assurance

Day to day oversight of the work to integrate is managed by a small Programme Management Office and overseen by a Programme Board, that meets monthly.

Detailed scrutiny of the progress towards integration and the risk management arrangements is provided by the Audit, Standards and Risk Panel on behalf of the full committee.

Policy direction is provided by the Transport and Environment Board on behalf of the MCA, with the Mayor and the Chair of the TEB being updated regularly on progress.

A detailed risk plan for integration has been developed and this is reviewed monthly by the Programme Board. A midpoint review was undertaken and 'lessons learned' fed to the programme board for consideration and implementation.

2.5 Role of Overview and Scrutiny

Integration of the MCA and PTE gives enhanced responsibilities for the statutory committees of the MCA, in that their scope is widened to consider public transport. The Audit, Standards and Risk Committee have mobilised a sub Panel to focus on integration and public transport, to ensure that risks and assurance is maintained during this transition.

The OSC may wish to consider how it wishes to develop its future work programme to take account of the public transport remit, whilst balancing off the wider scope of scrutiny responsibilities given the range of priorities of the MCA, Mayor and the LEP.

2.6 Next Steps

1. The period January - March 2022 is focused on mobilising the integrated design and integrated model, this includes working with employees and the Trades Unions to ensure a smooth transition to the single organisation.
2. Implementing longer term change (embedding and realising the benefits of integration) – A number of focused projects have been scoped for consideration as part of the 22/23 business plan, these include a full review of business processes to ensure ways of working support the vision, values and culture established for the new organisation, use of technology, etc

3. Options Considered and Recommended Proposal

3.1 Option 1

Following the decision to integrate made by the MCA the requirement was to agree an organisational design and model that met the requirements of the MCA. A strategic partner was commissioned to research and consider options for the organisation of

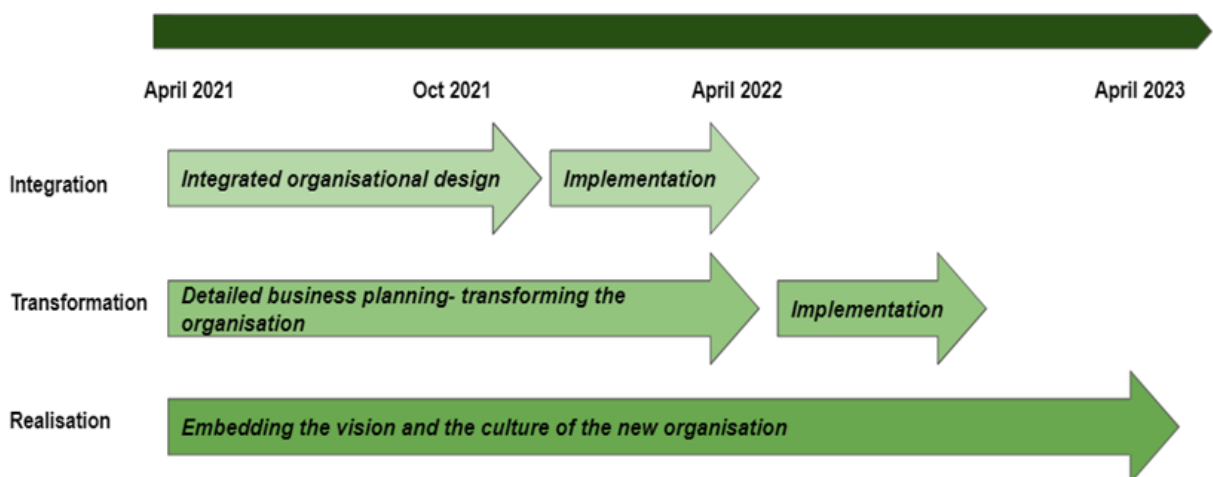
functions, each of which were scrutinised by the CEX and Management Board through a series of Peer Reviews.

3.2 The preferred option has led to a structure and operating model built around the integration of the strategic and support functions. This model is grounded in a number of design principles, including:

- Roles and responsibilities are organised and designed in a way which promotes specialisation
- Collaboration between teams around a corporate goal is fundamental to the way work is organised; Multi-disciplinary, specialist teams will be brought together to ensure collective delivery of the commitments made in the corporate plan
- The value of the experiences of customers, stakeholders and partners and of our colleagues will be promoted
- The work environment will support employees to innovate in finding solutions to complex economic, infrastructure and transport issues
- Performance will be reviewed and shared in an open and transparent way to continually learn and improve the way we organise and deliver our work objectives
- Our policies will support individual responsibility, so all feel empowered to take decisions whilst promoting accountability and transparency through the democratic process as a public body providing public services

3.4 Option 1 Risks and Mitigations

A significant risk in integrating two organisations with different cultures and ways of working is the speed and pace with which the new entity is fully functioning and operational. The plan has accommodated the different phases of work, focusing on three stages with differing time horizons:



This has enabled the plan to be broken down and for later phases to be implemented as part of the normal business cycle and corporate development.

A detailed risk plan is developed and monitored and overseen in detail by the ASRC Panel.

4. Consultation on Proposal

4.1 The governance chain is set out in para 2.4. The Mayor, Chair of TEB and MCA have been kept updated on the options and proposals as they have developed.

- 4.2 Within the organisation, the CEX (Deputy CEX) have led monthly briefings with all staff from MCA and PTE, this has been supplemented by weekly written bulletins / emails and a dedicated intranet for integration matters.

HR have met on a number of occasions with the PTE and MCA Trades Unions on the proposals.

5. Timetable and Accountability for Implementing this Decision

- 5.1 Organisation design and model will be implemented by 31st March 2022. Legal dissolution of the PTE is still to be confirmed but will be at some point after the May 2022 elections, subject to the government timetable.

6. Financial and Procurement Implications and Advice

- 6.1 Budget for the integration project has been flexed throughout the year to ensure sufficient resource is available to meet the needs of the project as it developed. Financial monitoring is reported to the Programme Board.
- 6.2 Resource for the project is derived from an earmarked reserve created to support the development of the Bus Review project.

7. Legal Implications and Advice

- 7.1 In order to dissolve the PTE an Order is required to be laid and passed by Parliament. By virtue of the Order, on dissolution all employees of the PTE will formally become employees of the MCA. The functions, assets, rights, liabilities and obligations of the PTE will also pass to the MCA.
- 7.2 The MCA and PTE governance structures have been aligned as far as possible and the respective Constitutions amended to reflect the alignment, the MCA constitution will be further amended once the PTE is dissolved.

8. Human Resources Implications and Advice

- 8.1 The agreed organisational design and model has changed the focus and remit of a number of teams and functions. Work to secure all employees in a post is now underway. There has been no growth in number of posts.
- 8.2 Where required new job descriptions are in the process of being developed and assessed. A single job evaluation framework has been agreed and work on the terms and conditions for the new organisation in place. Noting that existing employees of either the PTE or MCA will retain, at the point of integration, their established T&Cs.

9. Equality and Diversity Implications and Advice

- 9.1 Post integration, the MCA will undertake a single report on gender pay reporting and is seeking to introduce a parallel report on diversity. A single HR performance report will be designed and reported to the Management Board and form part of an annual report to the MCA Board.

10. Climate Change Implications and Advice

- 10.1 No implications associated with this report, however work on the future of work to consider options for hybrid working and environmental efficiencies that could be secured from blending office and remote working is underway as a parallel strand of activity.

11. Information and Communication Technology Implications and Advice

- 11.1 As part of the second phase of work, the use of technology to support the new processes of a single organisation, the development of a single website and corporate intranet are all in design as projects for the 22/23 business plan.

12. Communications and Marketing Implications and Advice

- 12.1 A plan for regular staff communications is in place. In addition to the detail provided in section 4, considerable activity in internal staff communications is in place.

The CEX has:

- implemented a programme of meeting every team in the MCA and PTE for a detailed discussion on the vision for the new organisation.
- undertaken a number of sessions with the Management Board of the organisations, and one to one sessions.

Director's and HR are undertaking sessions with every team in the organisations and one to one sessions are being offered to every employee, should employees want such a session to discuss issues relating to their role.

Background Papers

None