

Overview and Scrutiny Committee

22 June 2023

The MCA Review and New Governance Model

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

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The MCA Review is comprised of:

1. **Background**
2. **Summary of Feedback from engagement with stakeholders, partners and staff**
3. **Future Governance and Decision Making**
 - Formal Governance Model

- Business Engagement: The role of the Mayor's Economic Advisory Council and Business Advisory Board
- Informal Partnership Arrangements

4. Priorities and investment in stronger strategic leadership

5. Improving Performance and Delivery

6-14. Implications and Advice

Executive Summary

The election of the **new Mayor in May 2022**, with an ambitious Manifesto for South Yorkshire, came with a recognition of the need to review the current arrangements to ensure the MCA is ready for the next stage of the journey. The MCA Chief Executive has now put in place a new leadership team together with a range of other changes to develop and deliver ambitious programmes for our communities.

On the **14th November 2022 the MCA Board** agreed the scope of the review. The overarching aim was to ensure that governance, external engagement, organisational structure, business processes and ways of working are shaped in a way that delivers the ambitions of the MCA, Local Authorities and partners in the most efficient and effective way.

The aim of the review was to achieve five principal outcomes:

- **Strengthen MCA officer leadership and organisation performance** to provide a more effective focus on delivery of MCA political policy priorities and significant statutory programmes.
- **Increase agility and responsiveness of MCA** existing business processes and systems.
- **Change structures and processes to facilitate deepening of relationships** and collaboration with Local Authorities, stakeholders and partners to ensure partnerships are realising full potential.
- **Support staff to thrive**, enabling agile, innovative, and creative behaviours to achieve high performance.
- **Drive a new operating ethos** and culture to build trust and collaboration that delivers agreed outcomes.

This final report details the progress made implementing the associated change with the real time improvements that have been made as the Review has been ongoing.

It sets out a series of recommendations for the future that will strengthen the MCA's strategic purpose, decision-making, collaboration and engagement with partners, and begins to address the organisation's capacity and capability to support on-going improvement.

The Review conclusions have been based on the views of senior politicians, business

leaders, our Local Authorities, partners and other stakeholders and MCA staff. Due to the timing of this report in the municipal calendar it has only been possible to consult members of Overview & Scrutiny and Audit, Standards & Risk committees informally prior to its publication, but in the expectation that a full presentation will be given to each Committee in advance of the September 2023 MCA Board.

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

The MCA's journey to evolve into a high-performing organisation is supporting more effective decision making, visionary leadership and stronger partnership working to ultimately deliver better outcomes for the businesses, people and places of South Yorkshire.

The Review proposes a new Governance Model with 'Cabinet' style leadership through the South Yorkshire Mayor and Local Authority Leaders taking portfolio responsibilities. This will enhance openness and transparency, bring a new Mayoral Economic Advisory Council and a new Business Advisory Board to strengthen business engagement and ensure 'a strong, independent and diverse business voice' in our policy-making. This report also makes proposals to strengthen our informal partnership arrangements to ensure the MCA is playing a systems leadership role for the region and to support established routes of engagement with key stakeholders and partners.

Recommendations

OSC members are asked to note the recommendations the MCA Board approved on the 5th June 2023 and consider any implications for the Board.

MCA Board is asked to:

- Note the **summary of feedback** from stakeholder engagement set out in **Section 2**, together with the full list of consultees and contributors in **Appendix A**.
- Support the overall **progress set out** in the report, to drive change as summarised in **Sections 5 and 6**.
- Agree the following work to be taken forward following completion of the Review, specifically:
 - The implementation of a **new model of governance** and decision making that strengthens openness and transparency and is fit for the future, based upon the principles set out in **Section 3**. It is intended that the new arrangements will become fully operational in the September cycle, with the Thematic Boards ceasing from now (given the timing in the Municipal Calendar) and a final meeting of the LEP Board in July. Transitional arrangements will be worked up during June and July. If these proposals are agreed a further report detailing the **revised constitutional changes** will be presented to the next meeting of the MCA Board.
 - Implementation of the **new proposals for meaningful engagement of businesses within the MCA** structures through the **Mayor's Economic Advisory Council** and the new **Business Advisory Board** (as set out in Section 3 and Appendix B). This will ensure a strong, independent, and local

business voice.

- Development of the **Prospectus for Growth** (set out in Section 4) as an underpinning investment prospectus of the SEP that will proactively promote South Yorkshire to Government and private investors to bring greater investment into the region. It will act as a key positioning document to influence government policy, investment and devolved funding and powers, sitting alongside the emerging **Place Plans**.
- Taking forward a **programme of organisational development** that supports the ongoing improvements within the MCA and helps sustain progress improvements in performance and delivery.
- Note that a Revised Constitution will be brought to the next meeting for consideration by the Board.

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

Audit, Standards & Risk Committee (informal discussion)	15 May 2023
Overview & Scrutiny Committee (informal discussion)	15 May 2023
MCA Board	5 June 2023

1. Background

- 1.1 The Mayoral Combined Authority (MCA) has been through a significant period of change since its inception in 2014. During this period elected representatives, MCA, Local Authority and LEP staff can be rightly proud of the progress that has been made and all that has been achieved to improve the lives of our people and communities. It is unlikely that the pace of change will lessen in future years.
- 1.2 Significantly, as it has evolved into the South Yorkshire Mayoral Combined Authority, the MCA has taken on a much broader set of statutory responsibilities and powers including integration with South Yorkshire Passenger Transport Executive (SYPTe). It also has oversight of a greater range and scale of programmes and budgets such as Adult Education Budgets (AEB), Housing and Infrastructure funds, an expanded City Region Sustainable Transport Settlements (CRSTS), Shared Prosperity Fund (SPF) and the 'Gainshare' devolution settlement.
- 1.3 **The devolution deal** approved by Parliament in July 2020 gave South Yorkshire partial powers across skills, transport, housing, planning and economic development in line with other MCA areas. Some significant powers were not included, for example Business Rate Retention. The Government's new trailblazer deals in Greater Manchester and West Midlands, with deepening of devolved powers and control over resources, provide a direction for potential future opportunities South Yorkshire may wish to explore.

2. Feedback from consultation with stakeholders, partners and staff

- 2.1 **From November 2022 through to May 2023**, led by the Mayor for South Yorkshire, MCA Chief Executive and supported by the National Leadership Centre

(for Local Government), there has been a programme of engagement and consultation with elected members, MPs, the LEP, key stakeholders, partners, business leaders, business membership organisations and staff. Over a quarter of all MCA staff contributed to the Review via a series of workshops. It also included **in-depth one to one discussions** with Local Authority Leaders and Chief Executives.

2.2 This 360-degree feedback has provided a rich evidence base to shape improvements. A number of themes emerged which are outlined in the sections below from 2.3 to 2.6.

2.3 **Strategic priorities and focus**

The need for;

- Renewed clarity of focus and cabinet level ownership of strategic direction and policy priorities.
- A desire for a **smaller number of collectively agreed, medium term strategic priorities and a short-term delivery plan** alongside a better articulated investment prospectus for South Yorkshire (sitting below the SEP).
- **A more strategically focused, forward looking, high performing and proactive MCA.** This should include additional capacity to support delivery in key policy areas.
- **The maintenance of strong business engagement** with a renewed sense of participation and a sustained overarching focus on economic growth. This was the consistent view emerging from the LEP and Business Advisory Group member feedback but also wider stakeholders.
- **An ambitious forward-looking approach** to the development of **future devolution proposals** to further extend regional democratic decision making and secure funding and investment for South Yorkshire.

2.4 **Governance, leadership and partnership**

The need for;

- **A revised governance framework** that would streamline decision making; reduce existing administrative burdens, refocus capacity, provide greater alignment with policy priorities and be able to demonstrate more openness and transparency.
- This included specific matters linked to the future role of the LEP in view of Government's review of LEPs and proposed changes and in this context, the continued need and purpose for the thematic boards, together with deepening the role of the MCA Board and leadership team of the Mayor, Local Authority Leaders and Chief Executives on the delivery of policy priorities.

- The need to **maintain a strong voice for regional business** and create a new forum to also benefit from the contributions of national industrial and business leaders to support South Yorkshire economic growth ambitions.
- The provision of **greater direct officer support to the MCA Board** to enable the Mayor, Local Authority Leaders, and Chief Executives to undertake their system leadership roles, working together to address key complex challenges and improve outcomes across the communities of South Yorkshire.
- The **deepening of relationships** with Local Authorities, stakeholders, and partners across the region to ensure all partnerships are realising their **full potential for our communities**. A recognition of the need to invest time to build teams and strengthen collaboration.
- The need to further **strengthen informal partnership arrangements** at a regional level with wider public service partners and the VCSE to support the work of the MCA.

2.5 Performance and Delivery

- **A further strengthening of the MCA's organisational leadership** to provide a more effective focus on delivery of the MCA's statutory programmes and political transformational priorities.
- **A redesign of some of the core existing business processes and systems**, such as the **Assurance Framework**, to better support more agile and responsive delivery on agreed priorities. Improving MCA speed of decision making was a consistent theme throughout the engagement.
- **A strengthening of staffing capacity and capability in key areas** together with a refocussing of capacity (with clearer arrangements and better use of resources) between our Local Authorities and the MCA in areas such as business support. It was identified that this needed underpinning with a **more formal programme of organisational development that supports learning, growth, and high performance**.

2.6 Since the Board's approval of the Review scope in November 2022 a number of tangible improvements have already been progressed that directly respond to Review feedback, together with a set of forward looking proposals set out in Sections 3, 4 and 5.

3. Future Governance and Decision Making

3.1 Responding to feedback, the Review provides the opportunity to **redesign the MCA's current governance arrangements** to ensure they are fit for the future. A proposed new model has been developed in consultation with the Mayor of South Yorkshire, Local Authority Leaders, Chief Executives, the LEP and private sector representatives. This is set out in **Section 3**. If these changes are agreed a further report detailing the **revised constitutional changes** will be presented to the next meeting of this Board.

3.2 Due to the timing of this report in the municipal calendar it has only been possible to consult members of Scrutiny and Audit informally prior to its publication but in the expectation that a full presentation will be given to each Committee in advance of the September 2023 MCA Board.

3.3 The current MCA governance arrangements consist of:

- A bi-monthly Mayoral Combined Authority Board.
- Four bi-monthly thematic boards (Business Recovery and Growth; Education, Skills, and Employability; Housing and Infrastructure; and Transport and the Environment) each with some delegated decision-making authority and including private sector co-chairs and representation.
- A bi-monthly Local Enterprise Partnership Board in partnership with local business representatives.
- An advisory Enhanced Partnership Board with local bus operators.
- Quarterly statutory Audit, Standards and Risk Committee and Overview and Scrutiny Committees.

3.4 These arrangements have provided assurance and accountability and achieved involvement, awareness and understanding of the work of the MCA. However, feedback from Review engagement has identified a range of constraining issues with the existing model summarised below:

- A **lack of alignment** between emerging policy agenda and the existing thematic board structures.
- A **perceived lack of openness and transparency** with the operation of the thematic boards.
- A **high workload** with disproportionate resource and time demands (relative to the MCA's overall resources) associated with supporting and attending thematic boards.
- Governance resource requirements that are contributing to a **lack of resource for informal networks** to chart strategic direction, build collaboration and trust in broader networks; deliver productive communication and provide creative solutions for the outward projection of the region's ambitions on a national and global stage.
- **Intelligence flows between boards and committees is not proving routine**, even where policy overlaps exist. This is leading to both missed opportunities and duplication.

3.6 In addition to this feedback, **in March 2022, the LEP received a joint letter from Ministers in DLUHC and BEIS** on the conclusions of the **national review of future of LEPs**. This set out how their functions should be strengthened through their integration into local democratic institutions, while maintaining a strong, independent, and local business voice.

3.7 **Proposed new governance model arrangements**

3.8 In response to the Review, the new formal MCA governance model is proposed which would consist of:

- **A ‘Cabinet’ style Leadership model**, with the South Yorkshire Mayor and Local Authority Leaders taking portfolio responsibilities.
- **A Business Advisory Board and a Mayor’s Economic Advisory Council.** The former will help maintain meaningful engagement with the private sector with a local strong, independent, and diverse business voice. The latter will ensure proven economic growth expertise can be accessed to advise, challenge, and champion South Yorkshire nationally and globally.
- Existing statutory **Audit, Standards and Risk Committee and Overview and Scrutiny Committees.**

3.9 The South Yorkshire Mayor and four Local Authority Leaders will form the MCA Board. The MCA Board will have **responsibility for decision making on policy direction, objectives, and priorities**, together with appropriate spending and policy decisions. The MCA Board will meet every 2 months – with the ability to call further formal meetings in the intervening months should urgent decisions be needed. The Mayor and Leaders will also meet as necessary (and at least every 2 months) to discuss policy and strategic planning matters. The **Thematic Boards will no longer be part of the Governance model**, increasing the role of the MCA Board and the desire for **even greater transparency**. The **MCA Chief Executive and Executive Directors** will provide support to the Mayor and Local Authority Leaders for portfolio responsibilities. The **Local Authority Chief Executives** will also support portfolio leadership as with the current model.

3.10 **Business Engagement: The role of the Mayor’s Economic Advisory Council and Business Advisory Board**

3.11 The LEP’s remit has been **largely superseded** with, for example, the end of Local Growth Funds and the signalled cessation of Growth Hub funding. Many of its other functions will also be superseded in the proposed new governance model and removal of the Thematic Boards.

3.12 **Mayor’s Economic Advisory Council**

These changes provide a good opportunity to **rethink how the voice of the private sector** can be incorporated into the MCA’s arrangements. Two separate but related needs have been identified. First, there is a need to ensure the Mayor and Local Authority Leaders have access to the best economic growth advice. The profile, experience and expertise must match not only South Yorkshire’s ambition, but also the scale of the UK and international challenge.

Second, to ensure the South Yorkshire narrative reaches the highest and most appropriate levels of decision making in central government and private investor platforms. It is vital that these experts have the access and channels needed to champion and represent South Yorkshire most effectively. These needs lie at the heart of the proposal to constitute the **Mayor’s Economic Advisory Council**. Further detail is set out in Appendix B.

3.13 **Business Advisory Board**

In evolving from the current LEP, consideration must be given to the outcome of the **Government's LEP review**. This means the Business Advisory Board must deliver against the two key **Devolution Accountability Framework elements** as set out below:

- A. *All institutions with devolved powers should embed a strong, independent, and diverse local business voice into their decision-making processes. Any newly integrated business voice function should play an active role in partnerships such as Town Deal Boards, where those partnerships currently have Local Enterprise Partnership (LEP) participation at the request of local partners.*
- B. *This business board should build on the success of existing LEP boards wherever possible. Local leaders will also have the flexibility to adjust the membership of the newly integrated business board, including by inviting the participation of local economic partners outside of the business community, and can re-brand as necessary. Any new business board members must be appointed through an open process. That process should ensure appointees are politically independent and able to provide a constructive check and challenge on local decision-making using their private sector perspective.*

3.14 Taking this into account the MCA proposal is therefore to **replace the existing Business Advisory Group**, created as part of the Covid 19 response, with a **new Business Advisory Board**. This Board will have suitable sectoral, thematic, and geographical representation, with due consideration given to South Yorkshire's economic strengths and businesses of different sizes and levels of maturity, such as start-ups, SMEs, those of significant scale and corporates operating in international markets.

3.15 If the new model set out is agreed, work will commence in transition to put in place the new arrangements and stepping down the existing groups. The Thematic Boards will cease with immediate effect and Portfolio roles developed over June and July. The new arrangements will become fully operational in the September cycle. The MCA will work closely with Sheffield City Council to support arrangements given their specific governance model. The MCA will also work closely with DLUHC and the Office for Local Government (Oflog) to ensure best practice compliance with the Devolution Accountability Framework.

Strengthening Informal Partnership Arrangements

3.16 It is proposed that the MCA's formal governance also be supported through the development of informal partnership arrangements. In particular;

- The **strengthening of the MCA's relationship with the VCSE sector**, supporting capacity building and promoting best practice on a South Yorkshire level, and exploring the potential of a regional engagement mechanism.
- **Engaging wider system leaders on a regional level** (potentially through a bi-annual forum) to allow the Mayor and Leaders to convene public sector organisations, enabling the region's public bodies to speak with one voice on issues such as economic growth and inequalities and to champion a consistent

regional narrative.

- Ensuring arrangements are in place to support **consistent engagement with Trade Unions**.
- The appointment of **Ambassadors** to promote the region and its interests, and support engagement with businesses, communities, and organizations in South Yorkshire and beyond.
- The **retention of existing consultative groups**, such as South Yorkshire Skills Advisory Board and the Enhanced Partnership Board with local bus operators.

4. **Priorities and investment in stronger strategic leadership**

4.1 To provide a stronger strategic focus it is proposed that the MCA adopt a number of priority policy areas that will form the basis of portfolios for the Mayor and Leaders (recognising the centrality of economic growth to all these areas). These are:

- Economic Growth
- Travel and Transport
- Net Zero and Environment
- Infrastructure and Housing
- Education, Training and Skills
- Best Start in Life
- Health Inequalities
- Creative, Culture and Digital

These policy areas will be underpinned by commitments to, tackle inequality of outcome and between places involving communities in everything that we do; reform how we deliver public services including through further devolution and use digital tools and skills to support our objectives.

Detailed business plans will be developed to support the delivery of these priorities.

4.2 To ensure there is an immediate focus on Growth, it is proposed that the MCA develop a **Prospectus for Growth**.

This will act as a short to medium term investment prospectus underpinned by a robust, local evidence base and supported by resourced delivery plans with an outcomes-based reporting framework. This will chart and communicate our collective impact on the region's economy, jobs and the lives of residents.

The Prospectus will provide a vehicle to proactively promote South Yorkshire to Government, institutional, private and pension fund investors in order to attract greater funds into the region. It will be a key positioning document to influence government policy, investment, devolved funding and powers. It will sit alongside the emerging **Place Plans** as a cohesive set of growth, investment and development plans for the MCA geography.

5. **Improving Performance and Delivery**

- 5.1 **Senior officer leadership has been strengthened** through a number of key appointments and a new senior management structure for the MCA.
- 5.2 **A formal programme of organisational development is being progressed** for the MCA to strengthen; business planning, performance management, communications, and crucially joint working to support expectations linked to high performance and delivery.
- 5.3 The processes that ensure **effective engagement, collaboration and responsiveness with our Local Authorities have been strengthened** including an MCA Executive Director link officer for each Local Authority and the establishment of a dedicated touchdown office space for partners in SYMCA's offices. A **series of cross-MCA and Local Authority team** development sessions are being planned to support the suggested new arrangements.
- 5.4 The **assurance process has been redesigned to accelerate delivery** across all MCA programmes following a deep-dive review. This simplifies the process, ensuring it is more agile, transparent and open to local authority colleagues. It includes a more streamlined and less onerous approvals process with fewer approval gateways; greater support to local authorities for business case development and greater collective oversight of programme delivery.
- 5.5 **Dedicated funds have been directed to Project Feasibility work** to support place based and regional investment plans coupled with strengthening pipelines of projects to ensure the MCA and region is they in a stronger state of readiness for emerging investment opportunities.
- 5.6 To **support improvements in performance and delivery** in priority areas, (where feedback highlighted there was a need to make changes and refocus), **a number of targeted changes** have already been made. For example:
- **On transport**, a dedicated task and finish project team has been established to deliver the mobilisation of the successor to the tram concession. Additional resources have also been selectively increased to strengthen work on bus partnerships, progress the assessment of bus franchising, enhance our transport strategy engagement work on rail and highways and to support the new Active Travel Commissioner. All of this is now contributing to the development of an overarching Transport 2030 Plan with clearer priorities and much greater focus on delivery.
 - To address **economic growth** with renewed clarity, additional resources will support; a region-wide business support offer that addresses key resource efficiency, productivity and growth challenges in the business base; bringing forward strategic development proposals (for example, reflected in the development work of the Investment Zone); engagement with institutional investors, alongside investment into Northern Gritstone, to scale up high-growth potential businesses. The recent commitment by the local pension authority of £500m investments monies into the region represents one significant milestone in boosting inward investment.
 - **On health**, with the agreement of a £2 million cost of living package by the Mayor and Leaders MCA Board; accelerated investment proposals in life

sciences; and greater support to help improve healthy life expectancy outcomes. This support has included the development of a package of measures towards improvements in best start for early years, the commissioning of an expert advisory panel and additional capacity to support more effective community engagement.

- **On skills**, this has delivered additional capacity to support the accelerated delivery of AEB; agreements to deliver Shared Prosperity Fund; and the extension of Working Win coupled with a wider range of proposals to support more people into work.
- **On climate change**, we are in the process of transitioning the team from a light touch co-ordinating/insight role to an impact role, with additional support for the delivery of net zero ambitions including housing retrofit, tree planting and vehicle charging

6. Stakeholder Engagement

6.1 A range of stakeholder engagement was undertaken from November 2022 to May 2023 as detailed in **section 2 and Appendix A**.

7. Timetable and Accountability for Implementing this Decision

7.1 A number of organisational changes have been made and are ongoing to address the feedback received during the Review. Some of these have been captured in section 5. The aim is for the recommendations subsequently flowing from the Review to be implemented in the new Municipal year. Some changes may need to continue beyond 2023/24.

8. Financial and Procurement Implications and Advice

8.1 Proposed changes to the MCA's governance may require amendments to the Financial Regulations and Contract Procedure Rules.

8.2 The report also sets out the need to invest in capacity and capability, and outlines improvements required in certain areas of policy and engagement. The MCA's ability to resource this is largely shaped by funding received by Government. Capacity funding previously received by the MCA will be withdrawn in the coming year. The Financial Outturn report on this agenda outlines a mitigation option for this issue.

9. Legal Implications and Advice

9.1 The report proposes changes to the governance of the MCA which are compliant with the MCA's governing legislation. The changes will require the Constitution to be updated which will be brought to the July MCA for approval. The proposals relating to business engagement are in line with the requirements of the March 2023 Government guidance relating to the Devolution Accountability Framework.

10. Human Resources Implications and Advice

10.1 A number of changes with HR implications have already been made to improve the MCA's performance and delivery. These have been captured in the body of the report. There may be additional HR implications emerging from the recommendations, but these will need scoping and addressing during their individual implementation. The streamlining of processes and governance will support more effective decision making and more productive working.

11. Equality and Diversity Implications and Advice

11.1 The sharper focus on a series of policy priorities is underpinned by a cross-cutting commitment to tackle inequality of outcome and between places. Involving all our communities and listening to lived experience will be guiding principles.

12. Climate Change Implications and Advice

12.1 Delivering Net Zero for South Yorkshire has been identified as a key priority for the MCA.

13. Information and Communication Technology Implications and Advice

13.1 Investment in system changes will be assessed on an ongoing basis to ensure efficient and effective delivery of policy priorities.

14. Communications and Marketing Implications and Advice

14.1 MCA employees, Local Authorities and LEP Board Members have been regularly updated on the progress of the review.

List of Appendices Included

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| A | List of the participants who contributed to the Review, including details of the staff workshops. |
| B | Detailed proposals for business engagement and the roles of the Mayor's Economic Advisory Council and Business Advisory Board (summarised in section 3). |

Background Papers

None