

# South Yorkshire Mayoral Combined Authority

Internal Audit 2022/23

Integration - HR

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- Gareth Sutton, Director of Finance and Investment

### For Information:

- Martin Swales, Chief Executive
- Steve Davenport, Monitoring Officer
- Rebecca Bishop, Interim Director of HR & OD
- Mike Thomas, Deputy Section 73 Officer
- Claire James, Head of Corporate Governance
- Audit, Standards and Risk Committee

# Executive summary



## Background

The decision to formally integrate the executive arrangements of the Mayoral Combined Authority (MCA) and the Passenger Transport Executive (PTE) into a single unified organisation was made in order to ensure greater political oversight and decision making of passenger transport services in South Yorkshire. In July 2020, the MCA Board agreed that all possible actions should be taken to achieve integration, prior to the statutory order process to formally dissolve the PTE.

To deliver the integration programme, the following had been agreed:

- to dissolve the PTE, via statutory instrument, ensuring any statutory obligations are undertaken in a timely manner;
- to develop an integrated MCA Executive function, including the transfer of employees from the PTE to the MCA;
- to agree the requirements for any new governance processes across the MCA, to ensure good governance and risk management systems can be agreed, developed and implemented.

The Integration Programme was divided into five delivery workstreams. The focus of our review was the organisation's HR function. Integration of the HR function was included within workstream 1: The Future Organisation and HR. This workstream was responsible for all activities associated with developing the new ways of working on a day to day basis, including the future operating model.



## Objectives

Our review focussed on the following key risk:

- There is a risk that full integration and harmonisation has not been achieved or there may be a lack of planning and progress to ensure this is fully in place prior to dissolution of SYPTE and operating as one organisation. This may lead to inconsistent processes and practices or pay and grading structures may not be consistent or adequately reflect the role. This could result in non-compliance with policy, low staff morale and the inability to recruit and retain staff.



## Limitations in scope

Please note that our conclusion is limited by scope. It is limited to the risks outlined above. Other risks exist in this process which our review and therefore our conclusion has not considered. Where sample testing has been undertaken, our findings and conclusions are limited to the items selected for testing.

This report does not constitute an assurance engagement as set out under ISAE 3000.



## Acknowledgement

We would like to take this opportunity to thank your staff for their co-operation during this internal audit.

# Headline messages



## Conclusion

Our review was carried out on an advisory basis and has therefore not provided an audit opinion.

The integration of the MCA and the PTE successfully completed on 31<sup>st</sup> March 2023; with business as usual continuing on 1<sup>st</sup> April 2023. This was achieved despite a number of significant challenges and unforeseen events including; the pandemic, delay in statutory processes, a change of Mayoral and Executive Leadership, elections and significant workforce and capacity issues. 2021/22 and 2022/23 have been transitional years for the Authority and administratively, where possible, there has been one approach; working as one joint organisation, whilst still meeting statutory requirements for the sovereign bodies.

An integrated executive function was implemented on 1st April 2022 and the Authority continued to mobilise the new Target Operating Model (TOM) and Authority structure.

The legislative route to undertake the integration was subject to Department for Levelling Up, Housing and Communities (DLUHC) Statutory Process and an Order of Parliament. The legislative order did not meet the anticipated timescale of 31<sup>st</sup> March 2022. Officials confirmed that it would be progressed during 2022/23 with formal dissolution by 31st March 2023.

A decision was taken by the Authority to postpone elements of the programme as there were a number of tasks that could not be completed until the dissolution formally took place; these were outlined, along with an overview of progress against the initial objectives, within a Programme Closure Report presented to the Integration Programme Board on 29<sup>th</sup> March 2022. Workaround arrangements were agreed, however these presented additional challenges to teams.

The programme was essentially completed in two phases, the first which was fully supported by resource, dedicated staff and external expertise and advice and the second which was not supported to the same extent adding additional challenges to the Authority. Following the closure of phase 1, a lessons learnt exercise was undertaken and reported to the Programme Board, highlighting areas of challenge and recommended future actions.

In November 2022, following confirmation that the Order would be passed for dissolution to take place on 31<sup>st</sup> March 2023, to meet this deadline, the Authority appointed a Project Consultant to assist in developing a prioritised Integration Plan and drive delivery.

Our review of the project, which focussed on the HR workstream highlighted some areas where we concluded that improvements could have been made. It is clear that there were significant capacity challenges within the Team to meet the demands of the project alongside delivering business as usual. We also concluded that project assurance and oversight, monitoring and holding to account arrangements could have been strengthened.

We have not made further recommendation as the Authority has undertaken its own post project evaluation and further lessons learned analysis. Our details findings are highlighted on the following page of this report.



# Summary findings

1.

There is a risk that full integration and harmonisation has not been achieved or there may be a lack of planning and progress to ensure this is fully in place prior to dissolution of SYPTE and operating as one organisation. This may lead to inconsistent processes and practices or pay and grading structures may not be consistent or adequately reflect the role. This could result in non-compliance with policy, low staff morale and the inability to recruit and retain staff.

## Findings

During phase 1, the HR element of the Integration Work Programme was monitored by the Integration Programme Board. However, upon review of the minutes and progress reports provided for the period between July 2021 and January 2022, we found that there was insufficient granular detail in both the Integration Work Programme and the Programme Board reports. Key details such as timescales, responsible officers, and risk assessments were not provided.

Our assessment of the integration work plans and assurance reports indicated that they were not sufficiently clear to provide reasonable assurance that key tasks had been identified, prioritised and assigned target dates.

The final phase 1 progress report to the Integration Programme Board in January 2022 documented that there were tasks in the Integration Work Programme that had not been completed as planned, including a full review of terms and conditions and policies to identify where changes were required. However, the report did not provide assurance in respect of how this would be taken forward.

The March 2022 Integration Programme Board Closure Report included HR tasks to be completed at the point of dissolution, but it did not provide any details of outstanding tasks that needed to be completed before dissolution.

As the Programme Board was disbanded, there was no further formal oversight between January 2022 and January 2023 to monitor progress of those tasks that were not dependent on the dissolution of the PTE.

In December 2022, in order to meet the March 2023 deadline, the Authority appointed a Project Consultant to assist in developing a prioritised Integration Plan that was to include all outstanding HR tasks. We confirmed that an integration work plan was developed and project delivery was established with rigour. Our review of the plan noted that it uses the MoSCoW prioritisation technique and records planned start and completion dates, responsible officers, and percentage completion information.

During our interview with the Project Consultant, we learned that as of 25<sup>th</sup> January 2023, delivery progress was to be a standard agenda item for the weekly Financial Leadership Team meetings, with representation from HR included to provide assurance in respect of progress and delivery.

An update provided by the Project Consultant in April 2023 confirmed that the dissolution of SYPTE was completed on 31<sup>st</sup> March 2023. However, as of April 2023, 11 'must-do' tasks on the integration work plan under 'People Services' remained incomplete, with original due dates before the end of March 2023. From our discussion with Management we noted that these tasks were not considered to be business critical and largely relate to reviewing and updating policies. Revised dates for implementation have been set.

# Appendices



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