

South Yorkshire Mayoral Combined Authority
Annual Governance Statement Year Ended 31st March 2023

Executive Summary

Scope of Responsibility

The South Yorkshire Mayoral Combined Authority (“the Authority”) is responsible for ensuring that its business is conducted in accordance with law and that proper standards of governance are employed; that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Authority has a duty under the Local Government Act 1999 to make proper arrangements for the governance of its affairs and to secure continuous improvement in how its functions are exercised.

This statement explains how we have complied with our Local Code of Corporate Governance and also meets the requirements of Regulation 6 (1a and 1b) of the Accounts and Audit (England) Regulations 2015 in relation to conducting a review at least once per year of the effectiveness of systems of internal control. These regulations also require a statement reporting on the findings of the review to be published with the Statement of Accounts in the form of an Annual Governance Statement.

What do we mean by Governance?

By governance, we mean the arrangements that are put in place to ensure that our intended outcomes are defined and achieved. The term ‘Governance Framework’ is used to describe the systems and processes, cultures and values, by which the activities we are accountable for, are directed and controlled. We recognise that to be truly effective, these arrangements must be robust but also adaptable to changing circumstances including the expectations of the public and of other stakeholders. We are committed to addressing governance issues as they arise and to keeping our arrangements under review.

What is ‘good governance’?

Fundamentally, good governance is about making sure we do the right things, in the right way, for the right people. Our commitment to good governance is set out in our Code of Corporate Governance. This Code, aligned the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016, has been in place for the year ended 31st March 2023, and describes how we will carry out our functions in a way that shows accountability, transparency, effectiveness, integrity, and inclusivity.

Working in this way will allow us to deliver our objectives in the most effective and efficient manner, bringing about better, sustainable outcomes for the residents, communities and businesses of South Yorkshire.

Summary of governance issues during 2022/23

There have been a number of factors that have challenged and tested our governance arrangements during the year:

- Following a mayoral election in May 2022, the Authority came under new political leadership with new agenda and manifesto and a subsequent change in the executive leadership of the organisation
- The integration of the MCA and PTE Executive teams and further preparation for the legal dissolution of SYPTE
- Increased programme costs due to inflationary pressures
- Time restricted programme delivery in response to Government grant funding
- Legacy Covid 19 pandemic issues continue to impact the Authority, particularly around the sustained pressure on the viability of the public transport network due to short term recovery funding commitments from central government and lower levels of patronage than pre-Covid
- The loss of key regional infrastructure – Doncaster Sheffield Airport

Our evaluation of the effectiveness of our governance arrangements in the context of these issues has concluded that arrangements were fit for purpose and robust yet flexible enough to respond to the challenges presented. The organisation has been able to undertake its day-to-day activities effectively and the systems and processes in place have provided a robust level of control.

Statement by the Chair of the South Yorkshire Mayoral Combined Authority and the Chief Executive

On the basis of the sources of assurance set out in this statement, we are satisfied that, throughout the year 2022/23, and up to the date of the approval of the accounts, a satisfactory system of internal control has facilitated good governance of the Authority's affairs and the effective exercise of its functions.

We are satisfied that the comprehensive evaluation process undertaken has identified the relevant areas for attention over the forthcoming year. The action plan, monitored by the Audit, Standards and Risk Committee, will (when implemented) further enhance the Authority's governance, risk and internal control framework.

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On behalf of the South Yorkshire Region Mayoral Combined Authority

1. Identification of key governance arrangements

The organisational governance structure in place during the year is shown below:

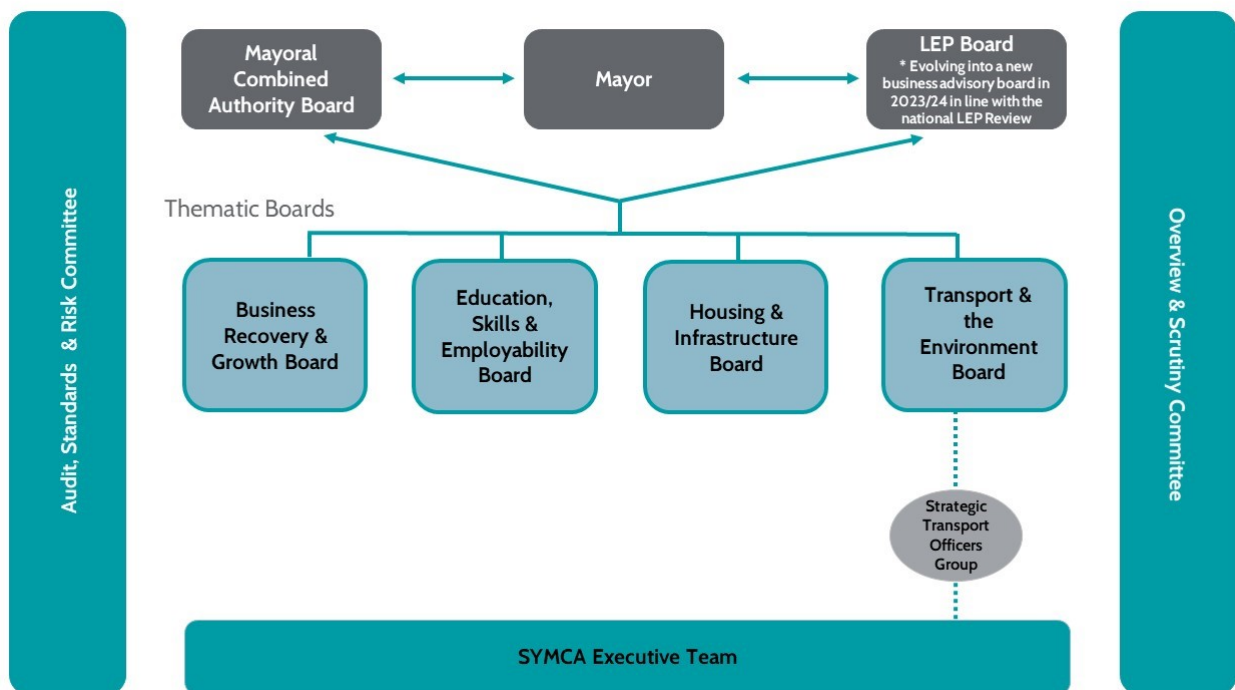


Fig 1: 2022/23 Governance Structure

The Authority's Constitution sets out the governance arrangements of the organisation including terms of reference for four thematic boards and two statutory committees (shown above). The Constitution defines the operating principles of the Authority and embraces a suite of policies including, but not limited to, Codes of Conduct, Whistleblowing, Anti-fraud and Bribery, Contract Procedure Rules, Finance Regulations and the Code of Corporate Governance.

The Constitution also sets out the functions and delegated responsibilities of the statutory officers, namely the Head of Paid Service (Chief Executive), the Section 73 Officer (Chief Finance Officer) and the Monitoring Officer.

The Chief Finance Officer (CFO) operates in line with the CIPFA Statement on the Role of the CFO in Local Government (2016) and is actively involved in, and able to bring influence to bear on all material decisions to ensure that immediate and longer-term implications, opportunities and risks are fully considered. The CFO leads on the promotion and delivery of good financial management, which aims to ensure that public money is safeguarded and used in an appropriate, economic and effective manner.

All Statutory Officers have direct access to the Chair of the Combined Authority with reference to their core statutory and professional roles.

The Authority also has in place an Assurance Framework which is updated annually and sets out how public money will be used responsibly, outlining the processes for ensuring openness and accountability for public funds.

The Audit, Standards and Risk Committee provide a high-level focus on assurance and governance arrangements. Their role is to ensure that the Authority fulfils its legal obligations, complies with statutory requirements, is managing risk effectively and has robust control measures in place for all devolved powers and funding.

The Overview and Scrutiny Committee holds the Authority to account for all decisions taken, including those relating to devolved powers and funding. They have the authority to review and scrutinise any decision made, or action taken and are responsible for checking that the Authority is delivering objectives, and that policies, strategies and plans are made in the best interests of residents and workers in the region.

Our Strategic Economic Plan 2020-40 sets out our vision and policy objectives to grow the economy at pace and at scale, ensuring that all people and places have a fair opportunity to contribute to, and benefit from prosperity. During the year work has been undertaken to develop a delivery plan that reconciles existing Strategic Economic Plan activities with Mayoral Manifesto commitments. The delivery of this plan will commence during financial year 2023/24 and will engage key partners and stakeholders.

2. Reviewing and evaluating of the effectiveness of the Governance Framework

The review of effectiveness has been informed by:

- The Head of Internal Audit's Annual Report which provides an opinion on the adequacy and effectiveness of the MCA's risk management, control and governance processes
- The Risk Register which sets the culture and tone for the management of threats, concerns and assurances across the organisation
- The work of the Audit, Standards and Risk Committee which includes responsibility for monitoring the effectiveness of the Authority's governance arrangements and control environment
- Internal management processes
- The report of the MCA's External Auditor
- Recommendations from external bodies/government departments
- A series of interviews with officers and an Executive Leadership Board workshop where we have assessed and evaluated our compliance with our Code of Corporate Governance and the effectiveness of our governance framework.

We are content that our system of internal control is satisfactory and has facilitated compliance with the principles of good governance during the year.

3. Head of Internal Audit Opinion

The role of the Internal Auditor is to provide an independent assessment of the system of internal control. They undertake a cyclical review of the main financial and operational systems on a rolling three-year Audit Plan which is based on an analysis of where there is most risk. Core financial systems are reviewed on an annual basis. Internal Audit works closely with External Audit and complies with the Public Sector Internal Audit Standards (PSIAS).

The Head of Internal Audit's Annual Report for 2022/23 has included the following **draft** opinion:

*My overall opinion for the period 1 April 2022 to 31 March 2023 is that based on the scope of reviews undertaken and the sample tests completed during the period, **Significant assurance with some improvement required** can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.*

In issuing this opinion, we have taken into consideration where reviews have concluded in a Partial Assurance Opinion with improvement required.

We have not issued any "No assurance" reports during the year and our work carried out to date has not resulted in any high risk recommendations being made.

We identified weaknesses in some areas which put system objectives at risk. These include Net Zero Governance, Adult Education Budget and an area of Grant Controls. We have provided a summary of the key issues on the following pages of this report.

We acknowledge these were areas of known risk to the Authority and were included in our audit plan on this basis, however, the weaknesses identified lead us to conclude that only a Partial assurance with improvement required opinion could be given to the risk based reviews and therefore the Framework of Internal Control.

This has not prevented us from issuing a Significant assurance with some improvement required opinion overall due to the assurance identified in the core review areas, but bring to your attention that our opinion takes all reviews into account and is therefore at the lower end of the significant assurance scale.

4. CIPFA Code of Financial Management

SYMCA's financial management is compliant with the CIPFA Code of Financial Management. The Code includes six principles of good financial management:

1. Leadership
2. Accountability
3. Transparency
4. Standards
5. Assurance
6. Sustainability

The Code then translates these principles into an explicit set of standards (17 in total) which practice is assessed against regularly.

5. Accountability and Action Plans

5.1 Audit Recommendations

- **External Audit**

At the time of drafting the 2021/22 external audit is ongoing therefore no formal recommendations have been made.

There were two recommendations made as a result of the 2020/21 external audit both of which were implemented and adopted on an ongoing basis. These related to reviewing the fixed asset register and disclosure notes.

There are no outstanding recommendations from any years prior.

- **Internal Audit**

The most significant weakness identified through internal audit activity during the year relates to Net Zero Governance. Five recommendations were around strengthening the leadership and governance of the Net Zero Programme. Since the conclusion of the audit, progress has been made in terms of re-setting the strategy using baseline data to identify any gaps and monitor progress, the development of a range of early ‘deliverables’ to be taken forward during 2023 and building a team to support this work. In addition, a twice-yearly progress report has been included in the Forward Plan for the MCA Board and as well as Net Zero featuring on the Authority’s risk register both at a strategic and operational level meaning regular oversight by the Executive Leadership Team and Audit, Standards and Risk Committee.

A new Internal Audit provider has been appointed commencing 1st April 2023 any outstanding recommendations made by the current provider will continue to be monitored by the Audit, Standards and Risk Committee until complete.

6. Risk Management

During the year a new Risk Management Framework has been implemented strengthening the Authority’s approach to the management of risk. Regular reporting to the Executive Leadership Board and the Audit, Standards and Risk Committee has ensured effective oversight of risks presenting the highest level of threat to the achievement of the Authority’s objectives. These include:

Risk Description	Year End Position
Net Zero, Sustainability/ Climate Change	
<p>Due to an inability to galvanise the required level of support, consensus, and leadership across the region, from partners and stakeholders both private and public, there is a risk that the approach is fragmented, resulting in a failure to achieve the net zero target, by 2040,</p>	<p>Significant progress has been made on developing a coherent strategy for the region, however the scale and nature of the issues we face will always mean that the response could be viewed as inadequate.</p> <p>The delivery of a Citizens' Assembly on the climate emergency during 2023 will give further opportunity for creating the regional consensus and spur action.</p>
Doncaster Sheffield Airport Closure	
<p>Due to the cessation of aviation operations, there is a risk that the area will be subject to direct and indirect job losses, resulting in a drag on the regional economy and the area becoming less desirable for inward investment.</p>	<p>At the financial year-end SYMCA was in receipt of a proposal from City of Doncaster for financial support to undertake exploratory business case work that could lead to a Compulsory Purchase Order process. A decision on funding for this activity will be formally</p>

	taken at the MCA's June Board with the City of Doncaster proceeding with work in the interim. Alongside this activity work continues to identify potential third-party.
Tram Services	
Due to a delay in concluding future operating model for tram services beyond the current operating concession and then completing transition, there is a risk that the MCA is exposed to operational transport provision and financial risks, resulting in financial, capability and capacity pressures as well disruption to tram services	<p>An agreed operating model for the new company (as an arms-length wholly owned subsidiary of SYMCA) is now being developed with a clear timeline in place on putting in place the appropriate structures and governance arrangements needed.</p> <p>The mobilisation and transition team is now substantially in place and developing more detailed plans through to Q4 2023/24 to ensure a smooth transition to publicly owned operations.</p>
Bus Recovery Funding	
Due to reduced/terminated recovery funding from central government and lower levels of patronage, there is a risk that the network suffers major cuts, resulting in a spiral of decline	We have been able to maintain network stability despite continued short-term funding extensions by DfT for bus services. We have planned to implement a sustainably funded network from July 2023 although there remains uncertainty over DfT funding from June. Our plans will however ensure we maximise our available budget and prudent use of reserves to ensure the best network can be maintained based on available funding.

7. Progress against our Governance Improvement Plan for 2022/23

Although no significant issues were identified in the previous financial year, we identified areas for improvement and put in place a Governance Improvement Plan. The plan, and our progress against, has been monitored by the Audit, Standards and Risk Committee during the year. The Committee agreed to the conclusion of the plan at their meeting in March 2023, recognising that some actions, whilst 'completed' would continue to be implemented or embedded into the new financial year and become part of business as usual.

Table 1: Progress against our Governance Improvement Plan for 2022/23

Improvement Action	Progress in year
CIPFA/SOLACE Framework – Principle B - Ensuring openness and comprehensive stakeholder engagement	
Improve the way we engage with and listen to our customers	Enhanced Partnership Forum now well established and playing a key role in designing

<p>by actively pursuing their views through an agreed and published plan of consultations based on the priorities of the Corporate Plan, including the Bus Service Improvement Plan and franchising.</p>	<p>and recommending the content of the Bus Customer Charter (to be approved in early 2023/24). MCA undertook a public consultation in August 2022 on the prioritisation of bus service attributes to inform tendered service awards in October 2022. Whilst these have been deferred until July 2023 (at the earliest) the data will still be used for future tendering activity.</p>
<p>Improve our responsiveness to customer enquiries and complaints by tracking and monitoring issues and making necessary process changes to improve customer experience at an operational level.</p>	<p>Proposal to centralise further customer-facing services and activities (e.g. general enquiries) into the existing transport Contact Centre. Trial of using the Contact Centre for Mayoral Election was successful in April/May 2022. A review of the processes for management of elected member correspondence is also underway.</p> <p>Consolidation of digital social media channels in progress with Contact Centre taking ownership from 13 March 2023.</p> <p>Enhanced Partnership Passenger Charter is being developed with support from the Enhanced Partnership Forum and is due for approval in Q1 2023/24.</p> <p>Public Transport Operations Team continue to provide support for responses to customer and elected member correspondence.</p>
<p>CIPFA/SOLACE Framework - Principle C - Ensuring our outcomes are defined in terms of sustainable economic, social, and environmental benefits</p>	
<p>Improve our plans and strategies by ensuring they illustrate the contribution they will make to changing the regions' economic outlook.</p>	<p>The primary source of evidence is the Outcomes Framework which has been updated to reflect mayoral manifesto commitments, e.g. health inequalities. This is supported by the new Data and Intelligence Hub (https://southyorkshire-ca.gov.uk/Data-Intelligence-Hub) and has been designed to be the single source of truth about the performance of the South Yorkshire economy and should provide the baseline for all plans and strategies. This is now part of the "business as usual" will be reviewed and iterated regularly.</p>
<p>Improve how we design and develop our programmes of activity, by including a suite of economic indicators and</p>	<p>A framework of indicators has been developed and agreed with all LA partners (the Outcomes Framework referred to above). This is a comprehensive set of evidence backed</p>

<p>outcomes that clarify the impact the activity needs to achieve to realise the economic growth required.</p>	<p>information which builds on the indicators and outcomes agreed in the SEP (see section nine of the SEP). The framework reflects the Stronger, Fairer and Greener objectives agreed by the MCA and its partners and stakeholders and shows, current relative performance, and the extent of the gap to our peers and the national average, (signaling the ambition needed to address this).</p> <p>This is the reference evidence base for all project design, development, and assurance.</p> <p>Further work has been undertaken to update this to fully reflect mayoral priorities. And more work is underway to explore how the MCA can illustrate the contribution to the economy (or the drag on the economy) relative to the each of the priority areas e.g. early years, health inequalities etc</p>
<p>Improve the understanding our internal teams and partners have of the impact we are seeking from our programmes and investments.</p>	<p>The agreed Outcomes Framework referred to above is important here too. Corporate Policy team has business partners working closely with all teams to ensure the data, evidence and insights needed to challenge ambition and ensure strategic fit is forthcoming. The business case template ensures project developers can demonstrate and evidence the impact of schemes and show how this aligns with agreed MCA objectives. This is now part of the MCA's "business as usual" working practice".</p> <p>The MCA is also working closely with all Local Authorities to develop and deliver their Place Based Investment Plans</p>
<p>CIPFA/SOLACE Framework - Principle D - Planning interventions that optimise the achievement of intended outcomes.</p>	
<p>Improve how we shape and challenge the options and strategies open to South Yorkshire decision makers by developing relationships with national academics, research and development leaders and policy makers across all our agendas.</p>	<p>Close working is underway with Local Authorities and universities on the development of the Office of Data Analytics. This will, if successful, provide a valuable resource for using big data to answer the big questions of today. Some national research funding has been secured to begin to make some progress here.</p> <p>SYMCA is working closely with the two Sheffield universities to ensure robustness and</p>

	<p>rigour in its thinking and practice. For example, the Yorkshire Policy Engagement Research Network project will support the nascent Office for Data Analytics and help deliver the Better Business Challenge manifesto commitment.</p>
<p>Improve our approach to stakeholder engagement seeking to broaden our stakeholder base and develop significant new relationships with the financial sector to lever far greater investment in South Yorkshire.</p>	<p>Work continues to develop new working relationships with institutional investors and develop new ways of stimulating over investment.</p> <p>Following close to a year of engagement, South Yorkshire Pension Fund have announced c. £0.50bn in funding that will be directed at investment into South Yorkshire, supporting levelling up missions.</p> <p>SYPF's announcement is a welcome first-step in a new approach to local pension fund investment supporting SYMCA's economic growth agenda. SYMCA officers will now work with the Fund to drive investment opportunities towards the money.</p> <p>Work also continues with Aviva, with a number of site visits planned and opportunities for partnership working being considered.</p> <p>SYMCA is also developing a number of pilot projects aimed at co-investment and angel investment vehicles. These micro-schemes will offer more varied and flexible opportunities when compared to the macro activity with pension funds.</p> <p>SYMCA has also commissioned support to help shape its approach to international investment capture. This work helps determine how best SYMCA can market the region to foreign audiences.</p> <p>Finally, SYMCA continues to engage with Government on investment zones, with the hope that this policy agenda could stimulate greater opportunity for attracting external investment.</p>
<p>CIPFA/SOLACE Framework – Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it</p>	
<p>Improve the support given to our workforce by implementing the</p>	<p>SYMCA made a commitment to better support colleagues through a structured -</p>

<p>agreed Management Code, that sets out the management commitment to teams to ensure colleagues are supported and accountable, and receive feedback. To ensure a consistent and good experience of work and clear pathways to raise any issues.</p>	<p>communication framework. This included a commitment to quarterly all staff events with the political leadership, monthly all staff briefings, and a commitment for every officer to have twice-yearly meetings with their Director along with monthly team meetings.</p> <p>This meeting cycle has now been embedded with all-staff events recorded where possible. Directors are meeting with their officers on a cyclical basis whilst individual teams are discharging the requirement to meet frequently in different ways best suited to their circumstance.</p> <p>Since the adoption of this framework management have further adjusted the approach to senior-manager meetings with the intention of better facilitating the development and ownership of ideas and tasks and creating dedicated space for strategic leadership. This has led to the creation of an Executive Leadership Board and a Corporate Delivery Board. These two Boards replace the previous Management Board and will both draw in a more holistic cadre of officers into discussions but also bring more coherency to which matters are discussed and dealt with where.</p> <p>A new HR and Organisational Design Director has been recruited with a shift towards developing a new 'People Services' operating model.</p> <p>In the immediate term, this model will focus on supporting the organisation through the integration of the SYPTE and MCA following the dissolution of SYPTE on the 1st April 2023</p>
<p>Improve our business operations by developing and agreeing a corporate development plan to embed, through a number of clearly defined business improvement projects, the vision of the integrated organisation and the core values into our ways of working and behaviour.</p>	<p>A Corporate Delivery Team, comprised of leaders across the organisation, who lead and deliver priority programmes of work has been established and will meet monthly. It will be chaired by an Executive Leadership Board member who will provide two-way communication and active engagement with the Board. Its purpose is to address and resolve some of the organisation's biggest challenges that require cross-cutting organisational input and solutions, such as improving agility, responsiveness and collaboration across the</p>

	MCA and with partners, streamlining processes, reducing duplication and improving internal communication.
Improve the physical environment of the workforce to enhance the employee experience and support a culture of collaboration and innovation.	<p>During the course of the year, floor 2 of Broad Street West has been transformed from rented accommodation to an open plan collaborative space. This space has been used throughout the year by project teams, individuals and groups for a range of activity including staff briefings, team building sessions and employee engagement sessions. A wider estate review is also considering how best to use facility capacity across the region. A key consideration in this activity is the aspiration to ensure all officers, regardless of location, work in appropriate and suitable accommodation.</p> <p>A new Head of Service will undertake this review following the departure of the previous Officer.</p>
CIPFA/SOLACE Framework – Principle F - Risks and performance are managed through robust internal control and strong public financial management	
Improve how we use management information to provide assurance on organisational performance.	<p>Work is underway to develop a set of metrics that will form a Corporate Health Dashboard and enable the Executive Leadership Team to monitor the performance of the organisation. The Corporate Health Dashboard work continues to be refined and embedded into day-to-day activity.</p> <p>SYMCA Enhanced Partnership Performance Dashboard has been established to understand bus service operations performance and is reviewed at EP Board quarterly.</p>
Improve the management of risks by embedding the new risk management framework	Work continues to embed the risk management approach. The most recent internal audit concluding there is 'significant assurance – with some improvement required' and notes the progress made since the last audit. The findings and agreed actions will be incorporated into a 23/24 Risk Management Support Plan to further embed risk management practice and enhance reporting.
Improve the management of our corporate policies and procedures that provide a	A 'Corporate Documentation Management Process' was agreed by Management Board in May 2022. A Corporate Document library managed by the Governance Team working in

framework for our operating environment.	conjunction with the Communications Team is in place. As part of the 'Formal Dissolution Project' activity is being undertaken transfer existing documentation from legacy intranets and prioritise documentation for immediate review. It is anticipated that this project will extend into the new financial year. work is progressing, accelerated by the decommissioning of legacy intranets. It is anticipated that, particularly where HR policies are concerned, this piece of work will continue throughout 23/23 and will become a business-as-usual activity.
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8. Governance Improvement Plan for 2023/24

Although no significant issues have been identified as a result of this year's evaluation, we are committed to continually strengthening and improving our governance arrangements and, during 2023/24, will particularly focus on the following key activities.

The Governance Improvement Plan consists of actions identified from the Annual Governance Review 22/23 and has been structured around the principal outcomes of the MCA Review.

Principal Outcome	Deliverables	ELT Owner
Strengthening MCA officer leadership and organisation performance	Reviewed and updated officer scheme of delegation	SD
Increasing agility and responsiveness	Implemented Revised Assurance Framework	CM
Changing structures and processes to facilitate deepening of relationships and collaboration	Reviewed governance decision making process and implementation of any agreed changes	MS
Supporting team members to thrive	Reviewed and consolidated HR policies Induction for new elected members Programme of knowledge development sessions for members	GS SD SD

Driving a new operating ethos and culture	Embedded Risk Management Framework	GS
	Cyber Essentials Plus attainment	GS
	Reviewed Information Governance policies and training delivered	SD
	Reviewed and updated Information Asset Registers	SD
	Corporate Document Management Process implemented	SD

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