

Public Document Pack

AUDIT, STANDARDS AND RISK COMMITTEE

MINUTES OF THE MEETING HELD ON:

WEDNESDAY, 21 JUNE 2023 AT 11.00 AM

SOUTH YORKSHIRE MCA, 11 BROAD STREET WEST,
SHEFFIELD, S1 2BQ



Present:

Councillor Phillip Lofts (Chair)
David Phillips (Vice-Chair)
Councillor Ian Auckland
Councillor Austen White
Paul Schofield

Barnsley MBC
Independent Member
Sheffield City Council
City of Doncaster Council
Independent Member

In Attendance:

Mayor Oliver Coppard		South Yorkshire Mayoral Combined Authority SYMCA Executive Team
Martin Swales	Chief Executive and Head of Paid Service	
Gareth Sutton	Executive Director of Resources & Investment	SYMCA Executive Team
Pat Beijer	Executive Director of Transport	SYMCA Executive Team
Claire James	Head of Corporate Governance	SYMCA Executive Team
Lynne Sutton	Health and Safety Advisor	SYMCA Executive Team
Ellen Hinsley	Minute Taker	SYMCA Executive Team
Aaron Macdonald	Internal Audit	RSM
Lisa Mackenzie (virtual)	Internal Audit	Grant Thornton
Emily Mayne (virtual)	Internal Audit	Grant Thornton
Anna Mullen	Internal Audit	RSM

Apologies:

None.

147 **Welcome and Apologies**

The Executive Director of Finance & Investment welcomed all to the meeting. No apologies had been received.

148 **Appointment of Chair and Vice Chair**

Cllr Lofts confirmed that he was happy to continue as Chair, which was approved unanimously.

D Phillips put himself forward for the position of Vice Chair and this was also agreed by all Members.

Cllr P Lofts and D Phillips were therefore appointed to the positions of Chair and Vice Chair respectively. They thanked the Members of the Committee for their support.

RESOLVED that:

1. Cllr P Lofts be appointed as Chair of the Audit, Standards & Risk Committee for 2023/24.
2. D Phillips be appointed as Vice Chair of the Audit, Standards & Risk Committee for 2023/24.

149 **Urgent Items/Announcements**

None.

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

None.

151 **Declarations of Interest by any Members**

The Vice Chair advised that he was currently in the process of being appointed to the South Yorkshire Police Audit Committee and therefore declared an interest in item 11, Future Police & Crime Commissioner Functions. He remained in the meeting.

152 **Reports from and Questions by Members**

None.

153 **Questions from Members of the Public**

None.

154 **Minutes and Actions of the Previous Meeting held on 28 April 2023**

RESOLVED that the minutes of the meeting held on 28th April 2023 be approved.

155 **Welcome and Introduction to the Mayor**

The Chair welcomed the Mayor to the meeting and asked Members to introduce themselves.

The Mayor thanked the Committee and acknowledged the importance of its work to the MCA. He added that he was looking forward to working with the Committee and its role would only become more significant as the MCA continued to evolve and additional powers were devolved.

In response to questions, the Mayor advised that the review of the MCA had led to the new governance arrangements which had been approved at the MCA Board on 5th June. Removing thematic boards and making Leaders responsible for specific areas of work would improve transparency and accountability as

well as was as fostering and strengthening the relationships between the MCA and local authorities.

In terms of the lines of communication between the Committee and the MCA Board, the Mayor reassured Members that he planned to attend meetings of the Committee regularly and he was happy to meet with Members on an ad hoc basis as and when issues arose.

ACTION: The Democratic Services Officer to arrange a minimum of 2 meetings per year between the Mayor, Chair and Vice Chair.

The Mayor agreed that public transport was the single biggest challenge facing the MCA but that it could only be resolved with support from Government. This message was being reiterated at meetings with Government officials at every opportunity and he felt that progress was now being made.

(The Mayor left the meeting.)

156 **Change of Agenda Order**

In order to accommodate attendees present at the meeting, it was agreed to change the order in which items were considered. Item 11 would therefore be considered before item 10. The minutes reflect the order of the meeting.

157 **Future Police & Crime Commissioner Functions**

The Executive Director of Resources & Investment informed the Committee of the proposed transfer of PCC functions to the South Yorkshire Mayor. If agreed, the role of the South Yorkshire PCC would come to an end, the term of office of the current Mayor would be reduced and a Mayoral election, including PCC functions, would be held in May 2024.

Members noted that there would be big changes taking place in a short space of time as the tram would also be reverting to MCA ownership in early 2024.

ACTION: The Executive Director of Resources & Investment to provide regular progress reports on the transfer of PCC Functions.

RESOLVED that the MCA paper be noted.

158 **MCA Review**

The Chief Executive updated Members on the outcome of the MCA review.

3 key areas for improvement had emerged from the review:

- **Strategic priorities and focus**

To provide a stronger strategic focus, the following priority policy areas were identified:

- Economic Growth;
- Travel & Transport;
- Net Zero & Environment;

- Infrastructure & Housing;
- Education, Training & Skills;
- Best Start in Life;
- Health Inequalities;
- Creative, Culture & Digital

- **Governance, leadership and partnership**

The new governance model would be more transparent, streamline decision making and enhance relationships between the MCA, our Local Authorities and wider partners. The Mayor and Leaders would each assume responsibility for portfolios aligned with the priority policy areas. The MCA Chief Executive and Executive Directors would provide support to portfolio holders, along with the Local Authority Chief Executives.

- **Performance and delivery**

The assurance process had been redesigned to accelerate delivery across all MCA programmes. The process had been simplified to increase agility and included greater support for local authorities.

ACTION: The Chief Executive to provide a progress update on the new governance model at the December meeting.

The Executive Director of Resources & Investment observed that this could also be used to determine the scope of the internal audit of governance, which was due to be undertaken in January.

RESOLVED that the MCA paper be noted.

(The Chief Executive left the meeting.)

159 **Terms of Reference Review**

The Committee was presented with a revised Audit, Standards and Risk Committee Terms of Reference.

Members agreed that any references to the 'Finance Director' should be amended to the 'Section 73 Officer'.

RESOLVED that the proposed changes to the Terms of Reference be noted, subject to approval by the MCA Board.

160 **2023/24 Work Plan**

Members were asked to consider and provide feedback on the proposed Work Plan for 2023/24.

The Head of Corporate Governance noted that dates were yet to be confirmed for External Audit activity.

The Committee agreed the following additions:

- Treasury Management Outturn;
- Transfer of PCC Functions;
- Governance Changes Progress Update.

RESOLVED that Members agree the proposed Work Plan for 2023/24, as amended.

161 **Health & Safety Update**

The Committee received the quarterly update report on health & safety issues from the period 1st January to 31st March 2023

In response to questions, the Health & Safety Advisor confirmed that the MCA had no liability for Doncaster Interchange as it was managed by an external company. Any incidents at Doncaster Interchange would be shared with the MCA's Area Customer Services Manager for any lessons learnt to be taken into account in future.

ACTION: The Health & Safety Advisor to request data on incidents at Doncaster Interchange be shared with the Committee.

In relation to emergency evacuation plans at interchanges, the additional resource was now in place, and she was confident that the interchanges could be safely evacuated.

RESOLVED that the Committee note the contents of the report.

162 **Draft Accounts 2022/23**

Members were provided with an update on the preparation of the 2022/23 Annual Accounts for the MCA and SYPTE.

It was highlighted that the draft accounts had not yet been published for public inspection, although the deadline had been 31st May. This reflected the ongoing work on the 2021/22 external audit. It was intended to publish the unaudited accounts by 30th June, in line with most other MCAs. Although the statutory deadline to publish the 2022/23 audited accounts was 30th November 2023, the External Auditor had previously informed the Committee that work would not commence before January 2024.

The Executive Director of Resources & Investment advised following the concerns raised at the March meeting, he had written to Public Sector Audit Appointments (PSAA) to explore the possibility of ending the contract with Ernst & Young and transferring the 2022/23 accounts to another provider.

It was noted that a national response from Government was expected shortly, to address the issue of the outstanding 2021/22 Accounts.

RESOLVED that Members review the single entity (MCA and SYPTE) Annual Accounts for 2022/23 prior to publication.

(The Acting Executive Director of Transport joined the meeting.)

163 **Annual Internal Audit Report including Head of Internal Audit Opinion including 2022/23 Plan Final Position)**

(The outgoing internal audit team joined the meeting.)

The Committee was presented with the Internal Audit Annual Report and Head of Internal Audit Opinion 2022/23.

Over the course of the year, the outgoing Internal Audit Team had raised 37 recommendations. Of these, 18 were medium risk, 14 were low risk and 5 were improvement points. The MCA had an implementation rate of 80%. The MCA had been granted an overall opinion of 'significant assurance with some improvement required'.

The Committee noted its thanks to the outgoing Internal Audit Team for their work and support over the past few years.

RESOLVED that Members consider the Internal Audit Annual Report & Head of Internal Audit Opinion.

164 **Internal Audit Reports (2022/23)**

Members were updated on the final 2 reports of the 2022/23 internal audit plan.

The internal audit on the Adult Education Budget (AEB) was now complete and had received partial assurance. An additional 10 officers had since been recruited to provide additional resource to this area of work.

A review had also been undertaken on the integration of the MCA and PTE, focussing on HR. This had identified improvements which could have been made and would feed into the approach to the integration of the Office of the Police & Crime Commissioner.

RESOLVED that the Committee consider the findings and recommendations of the final internal audits.

(The outgoing internal audit team left the meeting.)

165 **Change of Agenda Order**

In order to accommodate attendees present at the meeting, it was agreed to change the order in which items were considered. Item 22 on the agenda was taken as the next item. The minutes reflect the order of the meeting.

166 **Tram Concession Programme Plan**

The Acting Executive Director of Transport provided a progress update on the tram mobilisation programme.

The tram was due to return to public control in March 2024 and work was ongoing to ensure 2 main objectives:

- To achieve a seamless transition;
- To set the new operating company up for success.

The scale of work to be done was highlighted with a variety of different workstreams running concurrently. It was anticipated that various policy decisions would be taken to the MCA Board in November.

In terms of resourcing, an interim structure had been put in place and the MCA had engaged a number of industry experts with significant, relevant experience to oversee the transitional period.

ACTION: The Democratic Services Officer to share the Tram Mobilisation Programme slides with Members of the Committee.

In response to questions, the Acting Executive Director of Transport advised that although there was a lot to do in a short space of time and there were risks to the programme, she was confident that the team in place would manage the transition successfully.

ACTION: The Acting Executive Director of Transport to provide regular progress reports on the tram transition and bus franchising work to the Committee.

RESOLVED that the update on the Tram Concession Programme Plan be noted.

(The Acting Executive Director of Transport left the meeting.)

167 **Progress of the Internal Audit Plan for 2023/24**

The Committee received an update on the progress made against the Internal Audit Plan for 2023/24.

Good progress had been made since the Plan was agreed in April, with all internal audits now scheduled in and planning meetings arranged with appropriate executive directors and key officers.

The scope of the Bus Data Quality Framework piece had been agreed and was due to begin the following week. Work around Cyber Security would start in July, followed by the Tram Services Healthcheck in September.

RESOLVED that the update on the Progress of the Internal Audit Plan for 2023/24.

168 **Risk Management Monitoring Report**

The Head of Corporate Governance introduced the item on Risk Management Monitoring.

The risk relating to the Bus Service Improvement Plan had increased to 'medium/high' since the last report. This due to the MCA not being awarded Bus Service Improvement Plan (BSIP) funding. The risk score now exceeds the appetite.

The Executive Director of Resources & Investment provided some context, stating that Government had previously announced a longer term package of support for bus services totalling £500m. However, it had since clarified that the majority of this would be in the form of a continued fare cap with the MCA receiving £3.1m from Government towards tendered services in 2023/24 and a similar amount was expected for 2024/25. This was a significant shortfall given that the anticipated costs of tendered services over the next 3 years was around £42m.

The Director of Public Transport Operations added that the MCA Board had taken the decision to defer any changes to networks, fares, and concessions until September. This was intended to allow more time to review all available options to ensure network stability. The MCA was currently engaging with local authority Leaders to prepare a proposed approach to be considered at the MCA Board on 31st July.

RESOLVED that Members consider the Risk Management Dashboard and note the progress in embedding risk management processes.

169 **Transport Risk Working Group**

Members received a report on the work of the Transport Risk Working Group.

Progress had been made with regards to safety at Bernard Road. Sheffield City Council have concluded that it would be possible to further mitigate the risk of vehicle and tram collisions by removing potential confusion and reconfiguring the signal phasing at the junction.

The Director of Public Transport Operations confirmed that a date of 10th July had now been agreed to carry out this work. He observed that it had taken a significant period of time to make progress this change. Strong relationships with local authorities would be key once the tram returned to public ownership.

RESOLVED that the update be noted.

170 **Progress Update on Bernard Road Risk**

Progress on the Bernard Road risk was discussed under the previous item.

RESOLVED that the update be noted.

171 **Final Annual Governance Statement 2022/23**

The Head of Corporate Governance presented the final draft of the Annual Governance Statement approved by the MCA Board on 5th June.

It was noted that a final amendment would now be made to incorporate the Head of Internal Audit Opinion which had been considered earlier in the meeting.

RESOLVED that the Committee note the final version of the Annual Governance Statement and Governance Improvement Plan amended in line with the recommendations of the Committee in March 2023, and approved by the MCA Board on 5th June 2023.

172 **Governance Improvement Plan 2023/24 Update**

Members were provided with a regular report on progress against the 2023/24 Governance Improvement Plan.

RESOLVED that the Committee note progress against the plan.

173 **Breach of Controls Report**

None.

174 **Issues for Escalation**

None.

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

Signed

Name

Position

Date

This page is intentionally left blank