

South Yorkshire Mayoral Combined Authority
Annual Governance Statement Year Ended 31st March 2024

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 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 ending 31st March 2024, 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 2023/24

During the year a new governance model with ‘Cabinet’ style leadership, through the South Yorkshire Mayor and Local Authority Leaders taking portfolio responsibilities, has been implemented. This change has improved the pace of decision making, enhanced openness and transparency, and has strengthened business engagement

through a Mayoral Economic Advisory Council and a new Business Advisory Board. These arrangements have embedded well and whilst there have been no significant governance issues during the year, a number of factors have challenged and tested our governance arrangements. This has included the concurrent management of several major change programmes dealing with the transfer of the tram system back into public ownership; preparation for the potential integration of the Office of the Police and Crime Commissioner and related election activity; and a programme of work to explore the option of bus franchising.

Our evaluation of the effectiveness of our governance arrangements in the context of these challenges has concluded that arrangements were fit for purpose and robust yet flexible enough to respond, and that 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

Based on the sources of assurance set out in this statement, we are satisfied that, throughout the year 2023/24, 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:

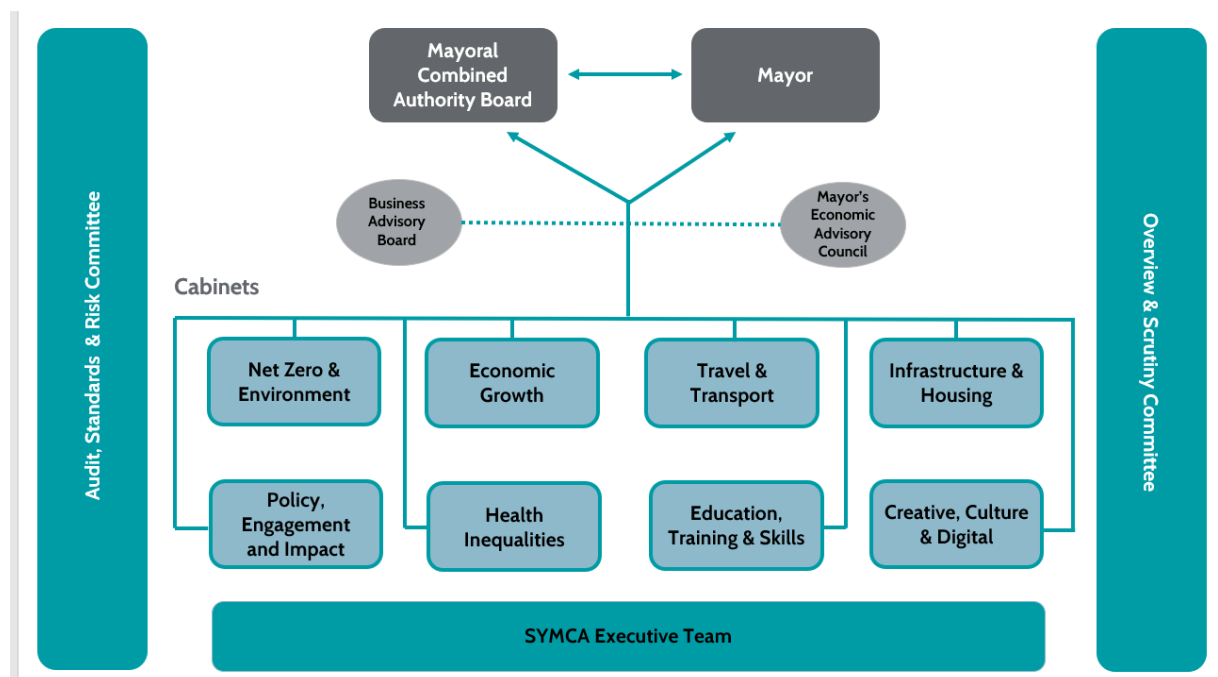


Fig 1: 2023/24 Governance Structure

The Authority's Constitution sets out the governance arrangements of the organisation, the structure is 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, including the Terms of Reference for the Business Advisory Board and the Mayors Economic Advisory Board.

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 2021-41 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 Plan for Good Growth. This Plan sets out a framework for regional economic development and a path to attracting more and better jobs that will raise living standards for those who live and work across South Yorkshire.

Over the last year we have also embedded several system level changes to our governance arrangements and processes to address any barriers to efficient programme performance. These changes have included:

- The implementation of the new MCA Governance model which has supported better engagement with partners, empowered members and officers, and simplified decision making.
- The establishment of the Business Advisory Board and the Mayor's Economic Advisory Council, strengthening business engagement and ensuring 'a strong, independent and diverse business voice' in policymaking.
- The development of a Programme Management Office at the MCA to support the development of and guide schemes through assurances processes, enabling a 'right first time' mentality, building stronger relationships and collaboration and culture of shared responsibility for delivery.
- The introduction of the Project Feasibility Fund to enable 'at risk' scheme development.
- The Assurance Framework was reviewed during the year with changes proposed to and adopted by the Board in March 23 the introduction of a one touch-point governance system, where most schemes only need to go to Board for approval at Outline Business Case.
- The introduction of the MCA's internal Programme Board to allow for speedy decisions and joined up activity within the MCA's Executive team.
- More regularised programme monitoring meetings with our Local Authorities at both the project delivery level and the director level through Place Liaison meetings.
- Simplifying procurement, better partnership working, and flexibilities have ensured devolved powers for the 19-24 Adult Education Budget are being used more effectively.

In addition, we have collaborated with academic, business and public sector partners to share intelligence and explore ways of tackling complex problems. We have also

engaged widely with the public on issues such as improvements to the public transport network through the Mayor's campaign for a fair bus deal.

To support the delivery of MCA priorities and prepare the organisation for further stages of devolution, there has also been a strong focus on developing the corporate core of the organisation. This has included leadership development activity, improving talent acquisition, refining and aligning business planning to corporate, team, and personal objectives as well as strengthening capital forecasting and developing performance monitoring.

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 where we have evaluated our compliance with our Code of Corporate Governance and the effectiveness of our governance framework and an Executive Leadership Board risk workshop where we have reviewed and refreshed our risk profile.

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 2023/24 has included the following opinion:

"The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective."

Further information on internal audit activity can be found at section 5.1.

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**

2021/22 Accounts

EY concluded their audit of the 2021/22 accounts in October 2023 and issued an unqualified opinion immediately following formal adoption of the accounts by the MCA board on 14 November 2023. Their Annual Audit Letter confirmed that there were no matters to report on the Authority's value for money arrangements and that there were no significant weaknesses or issues that needed to be reported.

Due to delays in the audit process this audit concluded 12 months after the statutory deadline of November 2022.

2022/23 Accounts

Due to delays across the sector, initially due to the disruption caused by the Covid pandemic but also due to the external auditors struggling to resource the contract into which they had entered (referred to above), work on the 2022/23 accounts audit is bound up in the national consultation that is taking place on resetting local government audits to restore more timely reporting. At present, the auditors are conducting a review of the Authority's 2022/23 value for money arrangements and have confirmed that they will not audit the financial statements for 2022/23.

Consequently, instead of giving an audit opinion on the financial statements they will issue a disclaimer. The exact form and timing of the disclaimer is subject to guidance emerging from the national consultation, but the external auditor confirmed to the Audit Standards and Risk Committee that the form of wording will reflect no fault on behalf of the MCA.

2023/24 Accounts

From 2023/24, KPMG have been appointed as external auditors. They are currently conducting their planning and risk assessment which will inform their 2023/24 audit plan. Their intention, subject to guidance, is to present an indicative 2023/24 audit plan, setting out their approach to the audit of the 2023/24 financial statements, to the July Audit, Standards and Risk Committee.

- **Internal Audit**

The Internal Audit Plan for 2023/24 has resulted in two audits receiving a ‘substantial assurance’ opinion and five receiving a ‘reasonable assurance’ opinion. One audit, on Cyber Security, received a ‘partial assurance’ opinion. Whilst the maintenance of Cyber Essentials Plus accreditation was acknowledged at the outset of the audit, this piece of work was commissioned due to the heightened level of threat of cyber-attack and in recognition of the planned and anticipated changes in the Authorities operating environment i.e., tram operations and a potential election and transfer of Police and Crime Commissioner functions and responsibilities. This audit confirmed the Authority could be partially assured that suitably designed, consistently applied or effective controls were in place to manage cyber risk, but additional or enhanced controls were needed due to the high risks around cyber. Good progress has been made in implementing the recommendations from the audit, which were largely around documenting the technical controls already verified by the Cyber Essentials Plus accreditation. A follow up will take place in the autumn.

6. Risk Management

During the year the Risk Management Framework has continued to be embedded, strengthening the Authority’s approach to the management of risk and progressing the risk maturity journey. 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.

At year end the highest scoring corporate/strategic risks were:

Table 1: High and medium/high corporate risks and their year-end position.

Residual Score	Risk Description	Year End Position
Net Zero, Sustainability/ Climate Change		
20	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.	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. The delivery of a Citizens' Assembly on the climate emergency during 2023 will give further opportunity for creating the regional consensus and spur action.
Tram Services		
15	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.	Tram Services successfully transferred from the operator (SYSL) to a wholly owned subsidiary of SYMCA (SYFTL) on 22 nd March 2024.

Ability to Deliver CRSTS Programme		
15	Due to the award of the CRSTS programme funding which will provide related regional capital funds for five years from April 2022 and will be closely monitored by DfT there is a risk that the capacity and capability in the region is insufficient to deliver extensive projects in the programme within timescale resulting in potential damage to the reputation of the MCA and Mayor.	Delivery partners continue to utilise CRSTS revenue funding to build capacity and enable project development. The Programme Management Office meets regularly with each delivery partner to assess progress, risk and to support partners in identifying mitigations.
Inability to Fund the Cost of the Tram Asset Renewal		
15	Due to not being able to secure suitable funding sources, e.g. DfT release of earmarked £100m which is subject to DfT approval, to renew the life-expired trams assets there is a risk that tram infrastructure and vehicles cannot be life-extended or replaced and that ongoing asset management requirements will be unsupported resulting in deterioration in service and/or potential unplanned disruption to service.	To date £100m of CRSTS funding has been identified. In May 2024 the Department for Transport's Investment Portfolio Decision Committee approved the Outline Business Case (OBC) for this project and agreed to the early release of c. £20m ahead of Full Business Case approval. This funding will be deployed to support urgent renewal works.
The BSIP and EP Scheme Delivery		
15	Due to insufficient funding through BSIP there is a risk our aspirations for growing the bus market are undermined resulting in no meaningful service improvements and continued decline.	Many of the aspirations in the current EP Plan and Scheme cannot be delivered due to lack of government funding, and the ability and capacity of partners to deliver specific commitments. The 2024 BSIP Refresh as required by DfT (due to be submitted 12 June 2024) will support some of our aspirations.
Doncaster Sheffield Airport Closure		
12	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.	In June 2023 the MCA Board approved the investment of £3.1m to support City of Doncaster Council in assessing the case for compulsory purchase. An Outline Business Case detailing Doncaster City Council's vision for a South Yorkshire Airport was considered by the MCA Board in February 2024 and approved the progression to Full Business Case. Officers from CDC and the MCA continue to work on the development of a Full Business Case in parallel with works to secure a long-term lease on the land and the procurement of a potential airport operator.
Tram Infrastructure and Tram Vehicle Failure		
12	Due to increased wear and age of assets there is a risk that the tram infrastructure or vehicles will fail resulting in service disruptions, health and safety incidents and increased financial exposure.	Submission of the Mass Transit Outline Business Case was made to DfT at the end of March 2024. The DfT has agreed to release c. £20m for immediate renewal activity having approved the OBC.

Successful Management of Concurrent Major Change Programmes		
12	Due to competing demands on organisational capacity and capabilities there is a risk that business change activity is not delivered successfully and there is a displacement of focus from core activity resulting in an impact on bau delivery, regulatory non-compliance, reputational damage, low workforce morale.	The Major Projects Oversight Board has met regularly during the year to provide high level oversight of the Tram Transfer Programme and the integration of the Office of the Police and Crime Commissioner.
Investment Zones Readiness		
12	Due to the timescales and volume of work required to be ready for delivery of IZ from April 2024, there is a risk that SYMCA is unable to effectively target its interventions resulting in a reduced impact, reputational damage and/or impact on future devolution conversations	Surge resource has been put in place to help the development of the IZ programmes, including active engagement from Local Authority partners. With IZ funding now secured, a team will be established to manage delivery.

7. Progress against our Governance Improvement Plan for 2023/24

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 2024, requesting that the flowing actions, that had not been completed, be rolled over into the 2024/25 plan.

- Reviewed and consolidated HR policies.
- Reviewed Information Governance policies and training delivered.
- Reviewed and updated Information Asset Registers.
- Corporate Document Management Process implemented.

Table 2: Progress against our Governance Improvement Plan for 2023/24

	Improvement Action	Status at year end
1	Reviewed and updated officer scheme of delegation.	Constitutional changes including changes to the Scheme of Delegation were agreed by the MCA Board in July 2024.
2	Implemented Revised Assurance Framework.	The 2023 Assurance Framework was implemented during the year and the Governance Improvement Plan action was marked as complete in December. Subsequently, the 2024 Assurance Framework has also been reviewed and updated to reflect changes to governance structure, powers as well as clarifications and refinements on the assurance process. A Draft Assurance Framework was presented to the MCA Board for endorsement on 12 th March and included on the ASR Committee March agenda. The Framework has also been submitted to Government departments for approval and sign-off.
3	Reviewed governance decision making process and	This action was marked as complete in December. For information: the internal audit on the implementation of

	implementation of any agreed changes.	the Governance changes undertaken in March 2024 concluded a substantial assurance opinion.
4	Reviewed and consolidated HR policies.	The tabling of legislation to bring forward the 2026 Mayoral election to May 2024 has led the MCA to move parts of the harmonisation exercise to after May. Whilst teams will continue to develop proposals and liaise with the union, moving engagement with the workforce to after the election has allowed for more meaningful engagement with teams who have been involved in delivering priority time bound activity.
5	Induction for new elected members.	This action was marked as complete in December however, another induction session has been scheduled for the new municipal year as well as timetable of briefing sessions and training.
6	Programme of knowledge development sessions for members.	This action was marked as complete in December however, another induction session has been scheduled for the new municipal year as well as timetable of briefing sessions and training.
7	Embedded Risk Management Framework.	Work has continued to embed risk management practice and the risk management internal audit undertaken during the year has concluded a 'reasonable assurance' opinion.
8	Cyber Essentials Plus attainment.	The Authority received re-accreditation for Cyber Essentials Plus in April 2023 and again in April 2024.
9	Reviewed Information Governance policies and training delivered.	Documentation is awaiting Union and HR review. In line with action 4, approval of these policies will be sought after May 2024. This action will be rolled over into the 2024/25 Governance Improvement Plan and monitored until complete.
10	Reviewed and updated Information Asset Registers.	New asset registers are being tested and a timetable for completion has been rolled out. This action will be rolled over into the 2024/25 Governance Improvement Plan and monitored until complete.
11	Corporate Document Management Process implemented.	Work continues to populate the library. Corporate Delivery Team members have agreed a process for reviewing documentation. As with action 4, approval of the totality of policies and processes stored with the Corporate Document Library will be sought after May 2024. This action will be rolled over into the 2024/25 Governance Improvement Plan and monitored until complete.

8. Governance Improvement Plan for 2024/25

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 2024/25, will particularly focus on the following key actions.

Table 3: Governance Improvement Plan for 2024/25

	Improvement Action	Deliverable	Outcome
1	Develop a Consultation and Engagement Framework.	A Consultation and Engagement Framework document.	How we listen, consult and involve the people of South Yorkshire in our plans, decisions and services will be improved and aligned to best practice.
2	Introduce a consolidated customer complaints and feedback process.	A consolidated Customer Complaints and Feedback Process.	We will have a consistent, effective, and efficient approach to managing customer complaints and providing a comprehensive view of service improvement requirements.
3	Develop and embed our approach to management information monitoring and reporting.	A Power BI system to collect and analyse data and a quarterly reporting cycle implemented.	Our stakeholders will be assured that our outcomes are being achieved and corporate functions are working effectively.
4	Further develop and enhance the way we use evidential data and intelligence.	A programme to improve our business cases; core briefs to give us one version of the truth; further analytical work targeted at priorities.	Our funding asks and SY narrative will be stronger.
5	Develop and improve our approach to monitoring our transport tendered services.	A contract-monitoring process which is future-proofed for franchising.	Optimum value for money will be obtained for public funding.
6	Embed our Valuing Individual Performance process.	Valuing Individual Performance documentation completed by every employee, reviewed at mid and end of year. Development plans in place where required.	Personal objectives will be linked to corporate and business objectives, and to our values and behaviours. Individual performance will be evaluated, and development requirements considered.
7	Agree our Digital Strategy.	A Digital Strategy document and costed delivery plan.	We will have a roadmap for the implementation and adoption of new digital initiatives and technologies to ensure business processes and operational models are modernised to enhance how we work in an evolving digital landscape and our ambitions of leveraging technology for economic advancement will be supported.

8	Review and consolidate HR policies.	A single set of HR policies.	There will be clarity on the responsibilities of both employer and employee. Workplace culture and values will be reinforced, and employees will be empowered.
9	Review Information Governance policies and deliver training.	Up to date Information Governance Policies and clear guidance to support employees in meeting their obligations.	Employees will be clear on their responsibilities relating to information law and for information assets of the authority.
10	Review and update Information Asset Registers	Up to date Information Asset Registers.	We will better understand and manage our information assets, the risks to them and how to protect and exploit them.
11	Implement the Corporate Document Management Process	A populated Corporate Document Library where documents have clear ownership and are reviewed on a regular basis.	Employees will be able to access all corporate policies and procedures and be clear of their accountabilities.