

Annual Governance Statement 2019/20

Document Properties

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Document Approval

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1. Background to the Annual Governance Statement

Introduction

The Sheffield City Region Mayoral Combined Authority (“the MCA”) 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 MCA 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.

What do we mean by Governance?

By governance, we mean the arrangements that are put in place to ensure that the MCA’s 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. The MCA recognises that to be truly effective, these arrangements must be robust but also adaptable to changing circumstances including the expectations of the public and the actions of other stakeholders.

What is good governance?

The MCA’s commitment to **good** governance is set out in its Code of Corporate Governance. This Code, which is aligned to CIPFA Principles of Good Governance, describes how the MCA will carry out its functions in a way that shows accountability, transparency, effectiveness, integrity, and inclusivity. Fundamentally, good governance is about making sure we do the right things, in the right way, for the right people.

Working in this way will allow the MCA to pursue its vision and deliver its objectives in the most effective and efficient manner, bringing about better outcomes for the residents, businesses and visitors to the Sheffield City Region.

What is the Annual Governance Statement?

The MCA is required, by the Accounts and Audit Regulations 2015, to prepare an annual governance statement.

This statement is a public report on the extent to which the MCA complies with its own Code of Corporate Governance. It outlines how the effectiveness of governance arrangements has been reviewed during the year, on any planned changes in the coming period and plans for continually improving arrangements. The process of preparing the governance statement has also added value to the effectiveness of the governance and internal control framework.

2. Who are we, how are we structured and what do we do?

Sheffield City Region Mayoral Combined Authority

The Sheffield City Region Combined Authority was formally constituted in law in April 2014. It comprises the four constituent local authorities for South Yorkshire and five non-constituent local authorities. The constituent members are Barnsley, Doncaster, Rotherham and Sheffield. The non-constituent members are Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire. With the election of the Mayor in May 2018, the Authority became a *Mayoral* Combined Authority (MCA).

The MCA has a distinct and separate role from each of the individual local authorities it is comprised of. The MCA’s remit is to coordinate and drive forward strategic economic development, housing, skills and transport initiatives for the benefit of citizens and the business community within its boundaries.

The MCA is responsible for setting the policy direction for the Sheffield City Region and for

maximising financial investment to achieve economic growth. It is also responsible for making investment decisions on projects and ensuring that the policy and strategic objectives of its strategic economic plan are delivered.

The MCA is the legal and Accountable Body for funding devolved to it and to the Local Enterprise Partnership, including all money allocated to the City Region through the Growth Deal, and any devolution and transport funding. The MCA is also the Local Transport Authority for South Yorkshire. This role and its accompanying responsibilities are defined in the [MCA Constitution](#).

MCA Group

The MCA **Group** includes an operational subsidiary, the South Yorkshire Passenger Transport Executive (SYLTE). SYLTE is the MCA's operational transport arm and is tasked with delivering the South Yorkshire Transport Plan. Though separate entities, the MCA and SYLTE work closely to ensure strategies, policies and resources are aligned deliver the priorities of the Group.

Within the group structure there are a limited number of other subsidiaries, including the SCR Interventions Holding Company, which supports delivery of the Local Growth Fund (LGF) programme.

Local Enterprise Partnership (LEP)

LEPs are private sector led voluntary partnerships between the private and public sector set up in 2010 by the Department of Business Innovation and Skills.

The Sheffield City Region Local Enterprise Partnership ("the LEP") lead on strategic economic policy development within the Sheffield City Region and set the blueprint for how the Sheffield City Region economy should evolve and grow. Until the 1st April 2020 the membership of the Sheffield City Region LEP included the 4 constituent members and 5 non-constituent members or the MCA plus a majority of private sector representatives. Due LEP boundary changes, the non-constituent members, whilst still members of the MCA, left the Sheffield City Region LEP.

The LEP works closely with the MCA and is the developer, author and custodian of the Sheffield City Region Strategic Economic Plan. The LEP also bids for funding from Government and is responsible for delivering programmes of activity that drive economic growth across the Sheffield City Region.

The LEP is also responsible for ensuring that both policy and decisions receive the input of key business leaders, and by extension, reflect the views of the wider business community. The LEP fulfils this responsibility by leading on engagement with local businesses and policy makers at a regional, national and international level.

MCA Executive Team

The MCA and LEP are supported by a dedicated, independent Executive Team, who provide day-to-day support on policy, commissioning, project development, project appraisal, programme management and governance. Through close co-ordination with member authorities, local authority Leaders and Chief Executives, and private sector LEP Board members, the team pro-actively advances MCA and LEP decision making processes. From the 1st April 2019 the MCA became the employing body for the Executive Team prior to this the team were employed via Barnsley Metropolitan Borough Council.

Statutory Officers

The Statutory Officers of the Authority lead the MCA Executive Team and have delegated powers as set out in the Scheme of Delegation. This includes, but is not limited to, ensuring good governance; monitoring operational and financial performance; agreeing executive team budgets; and providing overview and management of strategic and operational risks.

3. Governance Review Activity

During 2019/20 the MCA has continued to ensure that governance arrangements are robust and transparent and are aligned to deliver the planned programme of work efficiently and effectively.

Several activities have taken place during the year to review and strengthen governance arrangements including:

Annual Governance Review

An assessment of compliance with the Governance Framework and compliance with the Code of Corporate Governance has been undertaken to gain assurance of the effectiveness of arrangements in place during 2019/20 and to identify any opportunities for improvement. The outputs from the Annual Governance Review process are summarised in annex A and have assisted in the preparation of this Annual Governance Statement and the development of the 2020/21 Governance Improvement Plan.

Annual Performance Review by Government

The MCA delivers the Accountable Body function for the Sheffield City Region LEP and in January the Ministry for Housing, Cities and Local Growth (MHCLG) undertook a review to look at the performance of our LEP. The review covered three themes: governance, delivery and strategy, with one of four markings available for governance and delivery: inadequate; requires improvement; good; or exceptional, and met or not met available for strategy. Following the conclusion of the Annual Performance Review it was confirmed that the Sheffield City Region LEP is compliant with the national guidance and is considered to be 'good' in all areas of the review.

Programme Review

Building on the work to assess the deliverability of the Local Growth Fund programme, that took place in 2018/19, a further forensic risk assessment of all schemes in delivery, pending contract and in the pipeline, was been undertaken during the year. This informed the decision making to address over-programming and headroom issues and has resulted in 2019/20 targets for scheme investment being exceeded. The LEP Annual Report, which is published on the website, goes into more detail about the LGF investments made.

Employing Body

The MCA became the employing body for the Executive Team on 1st April 2019 and Statutory Officers have led on reviewing the organisational structure and policies to ensure the organisation has the capability and capacity to deliver its objectives.

4. External Audit Recommendations

No recommendations were made as a result of our 2018/19 external audit. There are no outstanding recommendations from any years prior.

5. Progress against the 2019/20 governance improvement plan

Through the review of governance arrangements in 2018/19, improvements in three key areas were identified and an action plan was included in the 2018/19 Annual Governance Statement. This plan has been monitored during the year by Statutory Officers and members of the MCA Audit and Standards Committee. The table below reports on the progress of the governance improvement plan.

Table 1: Progress against the 2019/20 governance improvement plan

Governance Area - Strategic	
Focus for 2019/20	Progress made in year
<p>Strategy Led Prioritisation Develop a refreshed Strategic Economic Plan and Local Industrial Strategy and identify innovative interventions that deliver the Region's ambitions.</p>	<p>A draft SEP was presented to the LEP in March. A public consultation on the draft was scheduled for April but was delayed due to the Covid-19 pandemic. Consultation with key stakeholder organisations is continuing. Government have paused work on Local Industrial Strategies.</p>
<p>Strategy Led Prioritisation Continue to support Leaders and the Mayor in developing an integrated set of priorities that effectively deliver the economic, social and environmental ambitions of the City Region.</p>	<p>A review of Mayoral priorities has taken place with the Mayor every quarter in order to ensure appropriate resources are deployed. A number of MCA workshops and one to one sessions with Leaders and CEX have taken place to agree priorities.</p>
<p>Reputation & Influence Effectively communicate refreshed strategic ambitions securing stakeholder support and buy-in and successfully make our case for future funding.</p>	<p>Over 50 meetings with stakeholders, businesses and national bodies have been led by the LEP Chair and CEX to secure buy-in to the revised vision for growth. Within the year the MCA was awarded £166m of Transforming Cities Funding.</p>
Governance Area - Operational	
<p>Financial Planning Develop and agree a Medium-Term Financial Strategy and Reserves Strategy that support longer term ambitions and short-term operational performance.</p>	<p>The Medium-Term Financial Strategy was approved by the MCA in November. A detailed budget seminar to inform resource planning on was held in January and the final budget prepared for the MCA in March. Due to the cancellation of the meeting the budget was approved informally and re-scheduled for formal ratification 1st June.</p>
<p>Financial Planning Undertake a full review of the governance arrangements of the Transport Capital Programme.</p>	<p>In line with the transition to the revised governance approach for the MCA/LEP i.e. the introduction on Thematic Boards, arrangements for Transport Governance has been reviewed and refreshed. At a programme level, in view of award of TCF funding, operational programme governance arrangements have been amended to manage any delivery risks for this programme.</p>
<p>Monitoring & Evaluation In line with Government requirements review the monitoring and evaluation framework in order to strengthen project and programme evaluation and to strengthen future decision making.</p>	<p>Work is underway, and is a condition of government approving a revised Assurance Framework, to review our published framework. A number of programme / project evaluations have concluded in year, including a review of the Growth Hub performance and a local evaluation of Working Win. These evaluation reports are reported to the relevant Thematic Board for consideration.</p>
<p>Assurance Processes Embed the agreed arrangements to strengthen processes for the appraisal and assurance of schemes.</p>	<p>The arrangements agreed with the LEP and MCA for 2019/20 were implemented to the agreed timeframe. Further work to refresh and update the Assurance Framework for 2020/21 commenced in Q4.</p>
Governance Area - Delivery	
<p>Programme Management Ensure the orderly conclusion of the LGF Programme during 19/20 and 20/21</p>	<p>A forensic risk assessment of all schemes in delivery, pending contract and in the pipeline was undertaken during the year and reported on to the Management Board on a fortnightly basis. This resulted in a number of schemes withdrawing from the programme. The LEP Board were updated on the position regularly and agreed remaining LGF allocations.</p>

<p>Programme Management Further to the development and agreement of the refreshed Strategic Economic Plan, develop effective programmes to deliver new priorities.</p>	<p>The LEP Board approves an annual delivery plan at the commencement of each year.</p>
<p>Programme Management Secure successor funding to continue with SCR's programme or work at pace and avoid disjointed delivery.</p>	<p>The MCA has been awarded £166m from the Transforming Cities Fund. However, Government has delayed decision making on other future funds including Shared Prosperity Funds and / or a further LGF round. Any future submission/funding bid will be supported by a robust, evidence led business case.</p>
<p>Organisational Capability Ensure the organisation has the capability and capacity to transition from programme delivery into a strategic development and policy led negotiations.</p>	<p>The structure of the Executive Team has been reviewed, in the approved budget envelope for resources, to ensure the capacity and capability exists to achieve objectives and is best placed to secure additional resource.</p>
<p>Organisational Capability Ensure organisational vision and challenges are understood by workforce.</p>	<p>A revised suite of organisation values have been developed. These were rolled out to the organisation by the CEX, with the input of the Mayor and the LEP Chair, in January 2020. A number of staff briefings have been held on the economic evidence base and development of the Strategic Economic Plan and regular staff briefings take place to ensure staff understand priorities and challenges.</p>
<p>Organisational Capability Identify training and development requirements.</p>	<p>A range of organisational development activities have been delivered during the year, including:</p> <ul style="list-style-type: none"> • An all staff development day; • Chief Executive staff briefings every fortnight; • A management development programme; • Better Business Case Training, in partnership with HMT, to staff and partner organisations; • A formalised organisational development plan commenced in March.

6. Governance issues during 2019/20

Financial year 2019/20 has seen some significant political and social events including a general election, Brexit uncertainty, environmental issues and latterly, the Covid-19 pandemic, all of which have impacted on the economy of the Sheffield City Region. These external issues, and the MCA's response to them, have tested the robustness and flexibility of governance arrangements.

A review of these arrangements and internal control measures, led by Statutory Officers, has concluded that arrangements are efficient, effective, robust and embedded. This review, and other governance review activity, whilst not identifying anything fundamental, has highlighted the following issues and challenges faced during 2019/20.

The MCA's fundamental challenge has been trying to deliver long term sustainable benefits in an environment where there lacks a consensus about the strategic direction of the organisation. This has meant the MCA has not been able to access the funding necessary to achieve the transformation change needed to meet the region's economic ambitions. However, the Mayor and Leaders, supported by the Executive team, continued to work together, and with Government, to reach a position where devolution can be unlocked.

The strategic vision, articulated through the 2014-24 Strategic Economic Plan, isn't

based on up to date evidence. A significant amount of work has been undertaken during the year, led by the LEP Board, to review economic evidence and develop a new Strategic Economic Plan. The Plan will be an overarching strategy which will set out how to grow the economy in a way that better includes and benefits all communities across SCR and improves natural capital.

7. Governance improvement plan 2020/21

Key areas of focus for strengthening governance in 2020/21 are outlined in the Governance Improvement Plan at table 2. The Deputy Chief Executive who leads on Organisational Development and Governance Improvement will lead on the implementation of the plan.

Table 2: Areas of focus for 2020/21

Focus for 2020/21	Milestones/ Deadline
Strategic	
Adoption of the SEP and RAP and the development of agreed implementation plans for the SEP and the RAP	Dec 20
Implementation Bus Review recommendations including progressing the full integration of the PTE into the MCA	Mar 21 and beyond
Implementation new Thematic Board arrangements	Oct 20
Continuation of negotiation and implementation of Devolution agreement	Ongoing
Operational	
Embedding risk management processes	Mar 21
Introduction of new CPRs and a Social Value Policy	Jan 21
Review and implementation of new corporate induction	Jan 21
Refresh Assurance Framework to take account of devolution	Dec 20
Refresh Evaluation Strategy to take account of devolution and implement programme level evaluations for LGF and TCF	Feb 21
Delivery	
Embed cross organisational Collaboration Teams to improve the effectiveness of major programme delivery	Mar 21
Full review of the lifecycle of programme development and delivery to inform continual improvements	Mar 21

8. Conclusion

Statement by the Chair of the MCA and the Chief Executive

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

On the basis of the sources of assurance set out in this statement, we are satisfied that, throughout the year 2019/20, the MCA has had in place satisfactory systems of internal control which have facilitated the effective exercise of MCA functions.

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On behalf of the Sheffield City Region Mayoral Combined Authority

1. The Governance Framework

The governance framework comprises the systems, processes and the culture by which the Mayoral Combined Authority (MCA) directs and controls its activities to deliver its intended outcomes. These systems and processes are mapped against the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework *Delivering Good Governance in Local Government 2016*. These principles underpin the governance of the organisation and provide a framework against which to structure the approach to governance. Commitment to these principles is outlined in the [Code of Corporate Governance](#).

The MCA, in delivering the Accountable Body function for the Sheffield City Region Local Enterprise Partnership (LEP), is obliged to consider the requirements of the [National Assurance Framework](#) in processes related to the delivery of the Local Growth Fund (LGF) programme.

2. Governance arrangements: their effectiveness

The scope of the governance and internal control framework spans the whole of the MCAs and the LEPs activities and is described in the Code of Corporate Governance. The Constitution and policies of both the MCA and the LEP also set out the requirement that business is conducted in accordance with the ¹Nolan Principles. The following section considers the main components of the framework, their effectiveness during 2019/20, describes any improvements made in year and plans to strengthen arrangements into 2020/21.

2.1 Developing, communicating and embedding codes of conduct which define standards of behaviour for members and staff, and for policies dealing with whistleblowing and conflicts of interest.

The MCA Constitution

The Constitution defines the operating principles of the MCA and embraces a suite of policies including a Code of Conduct, which define the standards of behaviours for members. Other Constitutional policies and procedures include:

- **Whistleblowing Policy** – this policy sets out the protocols to be followed in relation to any allegations of misconduct. The policy states that any allegations should be directed to the MCA's Monitoring Officer and that, where a complaint cannot be resolved locally, and the matter relates to the use of public money, the issue can be escalated to a relevant Government department.
- **Gift and Hospitality Procedures** – any gifts or hospitality declared in line with this policy are published on the authority's website.
- **Register and Declaration of Interest** – each member of the MCA is required to make a declaration of interest, pecuniary and non-pecuniary, for the purposes of their individual organisations. Registers are updated as necessary and reviewed annually, are available on the authority's website and compliant with the requirements of the Localism Act 2011. Members are also required to declare any interests they may have in any agenda items at meetings. Any interests are recorded in the minutes and published on the website after the meeting. Where a member declares an interest, clear protocols exist within the Constitution to ensure that members do not participate in any decision making related to that interest.
- **Financial Regulations** which include Anti Bribery, Fraud and Money Laundering procedures.

Contracts for the supply of goods and services also include standard clauses relating to anti-bribery, anti-corruption, human rights, human trafficking and counter terrorism, information laws and environmental regulations.

¹ Selflessness, integrity, objectivity, accountability, openness, honesty, leadership

The Sheffield City Region Local Enterprise Partnership

The SCR LEP policies are reviewed annually and are available on the website. The LEP suite of policies includes:

- **Code of Conduct** – it is a condition of appointment that all LEP Board Members adhere to the LEP Code of Conduct. This has been developed in accordance with the Nolan principles.
- **Terms of reference** – these set out the role and purpose of the Board and how it will operate to fulfil its role.
- **Declaration of gifts and hospitality** – this policy is aligned with existing local authority standards and Government guidance.
- **Whistleblowing and confidential complaints** – these policies set out the process by which individuals can ‘whistle-blow’ and raise confidential complaints about the work of, and decisions made, by the LEP. These policies are published on the website and are compliant with Government guidance.
- **Register and declaration of interests** – each member of the LEP is required to declare and register any interest, pecuniary and non-pecuniary. These registers must be updated and published within 28 days appointment or of a change in a Members interest. All Members registers are available on the website. Members are also required to declare any interests they may have in any agenda items at meetings. Any interests are recorded in the minutes and published on the website after the meeting. Where a member declares an interest, clear protocols exist to ensure that members do not participate in any decision making related to that interest. National guidance requires that protocols for conflicts and declaration of interests for members extends to any officers advising on decision making therefore senior officers of the SCR Executive team are also required to complete Registers of Interest.
- **Diversity** – this policy sets out the LEP’s commitment to promoting diversity, including through recruitment processes and other activities. The LEP Chair leads on equality and diversity and is the LEPs nominated Equality and Diversity Champion.
- **Gifts and hospitality** – this policy sets out the LEP’s protocol on accepting gifts and hospitality offered as a result of being LEP Board member.
- **Expenses** – eligible claimable items and associated amounts are set out within this policy. LEP expenses claims are published on the website.

The MCA Executive Team, who are employees of the MCA, are also bound by an employee Code of Conduct and other related policies.

There have been no standards or Code of Conduct issues during the year.

2.2 Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The MCA’s **Financial Regulations** determine how money can be spent and ensure that expenditure is lawful.

Contract Procurement Rules are in place and are aligned to Public Contracts Regulations 2015. These have undergone a thorough review during the year to ensure that processes are consistent across the Group, robust and designed to minimise risk.

An **Anti-Money-Laundering Policy** is in place. The Deputy Finance Director is appointed as the ‘Money-Laundering Reporting Officer’ and has undertaken specific training regarding this role.

A **Data Protection Policy** and **Privacy Notice** compliant with Data Protection Act 2018 and General Data

Protection Regulation are published on the website. All data protection policies and processes have been reviewed and updated in year. An internal audit in Q3 found evidence of good practice and concluded that there is 'significant assurance' regarding data protection across the group. The audit report highlighted opportunities to create a more robust and efficient level of compliance which have been incorporated into the existing annual GDPR action plan.

A **Freedom of Information Publication Scheme** and related Guide to Information is published on the website. Compliance with the **Freedom of Information Act 2000** and information law is co-ordinated by the MCA Governance Team, assured by the legal team and internal audit and overseen by Statutory Officers through strategic risk management processes.

All schemes seeking funding are tested for **State Aid compliance** prior to being submitted to the MCA for a funding decision. The responsibility for obtaining a legal opinion formally resides with the Scheme Promotor however, this is tested prior to a legal opinion being provided to the MCA.

2.3 Demonstration of SCR's commitment to openness and acting in the public interest.

Unless there are good reasons to exclude the press and public, MCA meetings are held in public at Broad Street West, Sheffield. This location is accessible by public transport and the facilities are Disability Discrimination Act 2010 compliant. All public meetings held at Broad Street West are webcast.

All agendas and reports for the MCA and its statutory committees are published online, in accordance with statutory access to information requirements. The paper publication approach is replicated for the LEP Board and for five thematic boards who have delegated authority to make investment decisions up to £2m. Agendas, papers and minutes for these meetings are also available on the website.

Annual accounts are reviewed by external auditors, their opinion, together with the final accounts are published and available for inspection.

SCR's Assurance Framework is reviewed annually to ensure compliance with any revisions to the National Assurance Framework requirements. This Framework, which is published on the website, sets out public money will be used responsibly and outlines the processes for ensuring openness and accountability for public funds. During 2020/21 the Framework will be updated to include the processes for the 'Transforming Cities Fund' allocation as well as for other budgets devolved to the MCA.

All schemes seeking funding are independently appraised and objectively considered by the Appraisal Panel. The Panel establishes whether the proposed scheme can be considered 'value for money' and produces a 'value for money statement'. This statement, which is published on the website, informs the MCA when making an investment decision.

Scheme Promotors are required to publish their business cases on their own websites to enable comments to be made. The MCA Executive also publish the business cases to ensure consistency and provide opportunity for feedback from the public.

A 'LEP Governance and Transparency Policy Framework', which includes protocols regarding conflicts of interest and gifts and hospitality, and is aligned to Government guidance, is reviewed annually and is available on the website.

2.4 Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

Key documents and information are made accessible to communities and stakeholders through the website. Modern.gov, a meetings management system designed to help deliver good governance and ensure transparency, is integrated into the website. This system ensures information that supports, and reports on decision making, is accessible.

A range of channels including social media, digital media, the press and a programme of events are used to communicate with communities, business and stakeholders. A communications and marketing strategy

is in place to ensure engagement with wide range of audiences at the right time, through the channels that they prefer to use. Social and digital media are increasingly important channels for engaging with communities and business audiences, particularly during events like the severe flooding in November 2019 and more recently the Covid-19 pandemic. The main Twitter account remains the MCA's most active channel, with more than 13,000 followers, whilst the number of followers and engagement rates on Facebook and LinkedIn continue to grow rapidly. A new newsletter from the Growth Hub, sent directly to businesses across South Yorkshire, was also launched and received good feedback. Engagement with the traditional media, meanwhile, has been strengthened over the last year, with the work of Mayor Dan Jarvis, the LEP and the MCA receiving coverage in national print and broadcast media, as well as in regional, local and sector-specific titles.

An events programme, while restricted in the early part of 2020 due to Coronavirus, has enabled stronger relationships with stakeholders, partners, businesses, community groups and members of the public. In May 2019, a transport conference was held in Rotherham and launched the Mayor's vision for the future of transport in South Yorkshire, while a series of business-focused events, including workshops held in partnership with McLaren, enabled engagement directly with private sector stakeholders.

The MCA Executive, LEP and MCA also engage with partners through a range of Boards, Forums and events including, but not limited to, Thematic Boards, Executive Directors Forums, Directors of Finance Groups and Business Membership meetings. This engagement provides clear channels of communication with local authority partners on a range of issues including economic performance, devolution, the Local Growth Fund programme, Transport Strategy and priorities and, in particular, a direct stakeholder consultation has been carried out on the draft Strategic Economic Plan (SEP). A full public consultation on the SEP will be delivered in 2020/21, this will ensure people have the opportunity to give their views on plans for the region's economic growth up until 2040.

In order to deliver on his manifesto commitments and progress the collective ambitions of the MCA and LEP, the Mayor has engaged with stakeholders and the community on a number of key issues including the independent Bus Review and Active Travel. An interactive map, launched to enable members of the public to pinpoint opportunities for improvements to walking and cycling infrastructure, has gained more than 4,000 views since being launched in October 2019 and is shaping the work of the Active Travel Commissioner, Dame Sarah Storey.

In addition, the Mayor has continued to work with the Youth Mayoral Combined Authority which provides a voice for young people across the region, providing opportunities for influencing and informing regional decisions that affect young people's lives.

A formal public consultation on the Scheme and Governance Review for the South Yorkshire Devolution Deal took place during the year offering the public and stakeholders the opportunity to share their views on the additional functions proposed be conferred on the MCA as a result of devolution. The consultation was designed so that every resident, business and stakeholder could respond if they wished to do so and the purpose was to enable responses to devolution proposals.

Due to LEP boundary changes, which result in the Non-constituent members of the MCA, no longer being part of the LEP from 1st April 2020, a Collaboration Framework has been developed with the D2N2 LEP to ensure, where there is a clear rationale to do so, collaboration on shared interests, common issues or economic priorities takes place.

2.5 Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.

A Strategic Economic Plan (SEP), which captures the ambition, vision and strategic priorities for the MCA and LEP has been in place since 2014. Led by the LEP, the development of a new SEP has been a key focus for 2019/20 and will ensure future policies are founded upon robust, up-to-date and independent evidence. This SEP will be an overarching strategy which will set out how to grow the economy in a way that better includes and benefits all communities across SCR and improves our natural capital. Once the SEP is agreed implementation plans will be developed to work through the detail of the proposed interventions.

2.6 Translating SCR's vision into courses of action for the SCR, its partnerships and collaborations.

The Programme Commissioning directorate within the MCA Executive are responsible for the development of project and programmes, at scale, some of which are directly delivered by the MCA Executive but most of which involve externally commissioned activity which is delivered by partners and outside agencies. Proposed projects and programmes are evaluated to ensure they contribute towards strategic objectives and to establish that they are good value for money. Once validated, the Programme Performance Unit enters into contract with scheme promoters, coordinates activity in the programme and reports on performance. Remedial action is agreed by the MCA and LEP to improve delivery where necessary.

The Local Growth Fund money awarded to the LEP in 2015 concludes in 2020/21 and a key focus for 2019/20 has been to ensure the orderly conclusion of the LGF Programme over the two final years. Working closely with delivery partners during the year has enabled the annual target of investment in schemes that deliver benefits for the City Region, to be met and exceeded.

The new Strategic Economic Plan will be used to engage with Government to secure further funding to continue with the agreed programme of work and avoid disjointed delivery.

2.7 Ensuring the decision-making framework is effective, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.

The MCA's decision-making framework is described in the Constitution and, for the delivery of the Local Growth Fund Programme, in the Assurance Framework.

There are robust processes in place for strategic decisions and the prioritisation of investments. Evidence from various sources is considered including; economic analysis, national government policy and strategic developments

Capital Programme decisions are based on objective and robust information. Schemes seeking investment are considered following an analysis of strategic alignment, options appraisal, potential impact and risk assessment to ensure any investment will deliver the outcomes required and represent good value for money.

The new and updated appraisal models and tools used to inform decision making, which were introduced in 2018/19, are now embedded. This has built capacity in the assurance process and ensured greater consistency of approach. In particular, the new strategic transport model, has allowed the appraisal of large schemes and will support the transformation of transport infrastructure in order to achieve economic growth objectives.

The Assurance Framework requires clear communication with partners through publication of any programme commissioning the decision-making criteria that will be used. This is evidenced through the communication of criteria for the deployment of Skills Capital Funding, open calls for Expressions of Interest (EOIs) for acceptance onto a reserve pipeline of schemes funded by LGF.

Governance arrangements for the Transport Capital Programme have been strengthened in year and has ensure that funding is spent in line with priorities.

2.8 Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.

A comprehensive Monitoring and Evaluation Framework sits alongside the Assurance Framework and is

designed to provide robust feedback on any lessons learnt from individual projects and monitor and measure the success and impact of Local Growth Fund (LGF) investments on the economy. The framework is being updated during 2020/21 to measure the performance schemes funded through other grants given to and budgets devolved to the MCA. This includes the 'Transforming Cities Fund' allocation as well as the Adult Education Budget (AEB) and Gainshare funds received as a result of devolution.

Monitoring, including site visits and the auditing of evidence, takes place throughout the lifespan of a scheme to ensure the investment delivers its approved outputs and outcomes in line with strategic priorities. Funding agreements tie projects to delivering outcomes e.g. job creation that represent the best use of public resources and value for money, whilst the use of clawback and retention clauses ensure mitigation of risk.

Controls introduced during 2018/19 to manage the pipeline of schemes seeking LGF investment have continued to maximise spend, meaning the annual investment target for the LGF programme 2019/20 has been exceeded.

2.9 Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the MCA and partnership arrangements.

The broader context for the MCA's governance and internal control environment is provided by the Constitution (see section 2.1) which gives comprehensive information on how the MCA is organised, the roles and responsibilities of members and officers, its decision-making processes, how authority is delegated through the Scheme of Delegation, and how probity and due process are promoted.

2.10 Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2015) and, where they do not, explain why and how they deliver the same impact.

The MCA's Chief Finance Officer (CFO) is a Statutory Officer (Section 73) of the MCA and operates in line with the CIPFA Statement on the Role of the CFO (2015). An interim Group Chief Finance Officer has been in post since September 2019 during which time a permanent CFO has been recruited taking up the role in June 2020.

The CFO 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.

To deliver these responsibilities, the CFO leads and directs the finance function to ensure it is resourced in such a way as to be fit for purpose and that staff are professionally qualified and suitably experienced. A new finance system has been introduced during the year which will ensure compliance with the CIPFA Code of Financial Management. The new system will also introduce new efficiencies and stronger internal controls.

The CFO and the Finance Team have a close working relationship with the LEP. This relationship provides a strong framework for managing LEP finances, including a role in ensuring propriety and regularity of spend. The CFO, or their representative, attends as an advisor on all MCA/LEP decision-making boards as well as the Overview and Scrutiny Committee and Audit and Standards Committees.

The CFO's deputy is embedded in the MCA Executive Team and is therefore positioned to ensure financial risks and issues are managed on an operational level. The deputy also has overview and provides advice to projects and the programme in general.

2.11 Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function and the Head of Paid Service function.

The MCA Constitution outlines functions and delegated responsibilities of the statutory officers, namely the Head of Paid Service (Chief Executive), the Chief Finance Officer and the Monitoring Officer. Statutory Officers meet regularly, along with the Management Team, and focus on the specific statutory nature and responsibilities of their roles and the authorities delegated to them through the Scheme of Delegation. The Monitoring Officer and the Head of Paid Service have direct access to the Chair of the MCA and LEP with reference to their core statutory and professional roles.

2.12 Inducting and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

MCA Leaders – Local Authority Leaders who are the members of the MCA lead on the development of the policy, priorities and their delivery. Individual members are advised and supported by officers of the MCA.

Overview and Scrutiny Committee members - An Overview & Scrutiny Committee toolkit is in place and ensures a consistent approach to scrutiny is taken by members and officers. This toolkit is used to structure the induction of new OSC members and is available to current members to support them in their strategic role. Workshops have taken place during the year to further enhance members skills and to establish the approach to scrutiny within a Mayoral Combined Authority.

LEP Induction - A formal programme of induction is in place for new LEP Board Members which covers the role and purpose of the LEP, economic performance and the opportunities and challenges facing Sheffield City Region, the Strategic Economic Plan, corporate affairs and governance. This is followed up with a 6-monthly review with the Chief Executive and LEP Chair to identify any additional support or development. Further to a successful recruitment process for new LEP Board members the induction process is being developed further.

MCA Executive - During 2019/20 a range of organisational development activities have taken place including regular staff briefings, an all staff away day, a management development programme and the launch of organisational values and behaviours. All MCA Executive staff have a corporate induction which covers statutory matters including health and safety at work, IT compliance and HR matters. In addition, organisational specific induction modules, such as the MCA and LEP governance, financial systems, programme management approach are also delivered to new team members. A suite of comprehensive online training resources is also available. The corporate induction will be reviewed and refreshed during 20/21 to ensure it remains relevant and appropriate.

2.13 Reviewing the effectiveness of the framework for identifying and managing risks and for performance, and demonstrating clear accountability.

The approach to risk management is embedded in working practices and Risk Management Action Plans, covering areas of strategic and operational significance, are in place and managed by Statutory Officers.

The Risk Policy and Process are reviewed annually in conjunction with the Audit and Standards Committee and Risk Management Action Plans are reviewed and provided to the Audit and Standards Committee regularly. An internal audit conducted during the year recommended that there is 'significant assurance' around risk management processes. The report made a number of improvement recommendations to increase risk management maturity and this is reflected in the 2020/21 Governance Improvement Plan.

The SCR Assurance Framework includes a comprehensive issue and risk management approach developed in accordance with the Green Book guidance and project management methodology. Project/scheme risks are recorded and managed by individual scheme promoters. Risks are referenced in the Business Case, appraised as part of the assurance process and are part of the scheme monitoring approach in the project delivery phase.

In relation to Local Growth Fund investments, programmes of work are monitored throughout their lifespan. The Programme Performance Unit work closely with the Finance Team to understand the overall scale of investment and the conditionality of constituent components of the funding. This ensures that there is ongoing assessment of the effectiveness of each type of investment in line with the expectation of funding

providers.

2.14 Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).

The MCA Constitution includes a Fraud Response Plan, Whistleblowing Policy, Anti-Money-Laundering and Anti-fraud and Bribery Policy, which provides direction and guidance for dealing with suspected cases of theft, fraud and corruption. It also gives direction on reporting matters of concern. The MCA also participates in the National Fraud Initiative.

Partners and all other stakeholders are expected to have strong anti-fraud and corruption measures in place. In the case of any investigation they are required to provide the MCA with full access to their financial records and staff. Agreements or contracts include these conditions, and appropriate due diligence is undertaken before entering into any agreement.

There have been no instances of fraud, money laundering, bribery or whistle-blowing during the year.

2.15 Ensuring an effective scrutiny function is in place.

The MCA has an established SCR Overview and Scrutiny Committee to exercise scrutiny functions over its activities and decisions (and those of formal committees and the LEP). Until 31st March 2020, the Committee which is politically balanced, comprised 16 members from the 4 constituent and 5 non-constituent local authorities. From 1st April 2020, due to LEP geography changes, non-constituent members are no longer represented. Each local authority appoints at least one elected member to the Overview and Scrutiny Committee – often this is the chair of each authority's own overarching scrutiny committee.

The MCA has a dedicated Scrutiny Officer which ensures the function of scrutiny within the organisation is effective and compliant with the 2017 Order. The Committee produces an Annual Report which is made available on the SCR website.

2.16 Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact.

Grant Thornton are the appointed Internal Auditors for the MCA.

The principles within the CIPFA Statement on the role of the HoIA in Local Government are embedded in the MCA's arrangements and the Internal Audit providers are fully compliant with Public Sector Internal Audit Standards (PSIAS). The Head of Internal Audit (HoIA) role is recognised as important in assisting in delivering strategic objectives.

The HoIA agrees the Annual Internal Audit Plan with Statutory Officers and the Audit and Standards Committee and ensures that internal audit service is appropriately resourced, fit for purpose, professionally qualified and suitably experienced.

2.17 Ensuring the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013) are undertaken.

In accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance an Audit and Standards Committee is established. The Committee, chaired by an elected member, comprises 10 members, two of whom are independent and is responsible for providing independent assurance on the adequacy and effectiveness of the governance and internal control framework, which incorporates the arrangements relating to financial, risk and performance management.

Ernst and Young, who are appointed as external auditors also attend Audit and Standards Committee

meetings. This process is in keeping with arrangements in place for a local authority. As the Accountable Body for all funds awarded to the LEP, the Audit and Standards Committee covers the requirements for both the LEP and the MCA.

The Committee receives regular reports relating to its remit, including issues arising from the work of Internal Audit, updates on the progress of implementing recommendations that have been made, updates on the risk management process, financial management reports, and reports from the external auditors.

As part of its governance remit, the Audit and Standards Committee have considered this AGS and, have provided challenge and comments where necessary. In addition, the Committee will monitor the progress of the Governance Improvement Plan developed as a result of the governance review process.

2.18 Provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

The Statutory Officers of the MCA maintain working relationships with the external auditors throughout the year to ensure that the auditors remain informed of changes to the MCA's business and processes. Officers collaborate with the external auditors on the annual audit plan, conduct a self-assessment review and liaise on any external audit recommendations and the management actions taken to affect them.

External auditors are embedded within the MCA's oversight functions through their attendance at the Audit and Standards Committee. All audit reports include management mitigation plans with named responsible officers, and these are followed up by both internal and external audit. There are no outstanding recommendations from previous external audits.

2.19 Incorporating good governance in respect of partnerships and other joint working

The Constitution determines how the MCA interacts with its subsidiary (SYPTTE) and the financial regulations determine the limitations of their autonomy in relation to expenditure. The MCA's operating subsidiaries have also adopted Articles of Association that limit their operational independence, this effectively imposes MCA governance on them.

More broadly, the scale of ambition of the current Strategic Economic Plan (SEP) means that its delivery is co-dependent on the MCA and the LEP. This collaboration and, true partnership approach, has been a cornerstone of SEP achievements to date. During the year this collaboration has underpinned the development of a new SEP and will continue to deliver better outcomes for the Sheffield City Region, particularly in the context of the economic challenges resulting from the Coronavirus pandemic and Brexit.

The MCA, along with the LEP, play a full role in the Northern Powerhouse through engagement with Transport for the North on their Strategic Transport Plan, the Department for International Trade on trade missions. Regular meetings have also been held with Department for Work and Pensions (DWP) on the Work and Health Unit trial 'Working Win', with the Department for Business Innovation and Skills (BEIS) on the Local Growth Fund Programme and with the Education and Skills Funding Agency (ESFA).

3. Monitoring and evaluating the effectiveness of the governance framework

The MCA has responsibility for conducting a review of the effectiveness of its governance framework, including systems of internal control and risk management arrangements. The review of effectiveness is informed by the work of Statutory Officers who have responsibility for the development and maintenance of the governance environment, and are responsible for ensuring compliance with, as well as improvement against the governance, risk and internal control framework.

The MCA's review is also informed by the HoIA's annual report and also by comments made by external auditors and other regulators or inspectorates. The HoIA is responsible for providing assurances on the robustness of the MCA's internal control arrangements to the Audit & Standards Committee. The Head of Internal Audit's annual report on audit activity and the performance of the Internal Audit division was presented to the Audit and Standards Committee on 11th June 2020. Based on the systems reviewed and reported on by Internal Audit during the year, together with management's response to issues raised, the

HoIA has provided an overall '**significant assurance with some improvement required**' assurance opinion for 2019/20.