

## **Audit and Standards Committee**

**10 June 2021**

### **Integration of MCA and PTE Update on the Programme Plan**

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<b>Is the paper exempt from the press and public?</b>	No
<b>Purpose of this report:</b>	Governance
<b>Funding Stream:</b>	Not applicable
<b>Is this a Key Decision?</b>	No
<b>Has it been included on the Forward Plan?</b>	Not a key decision

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**Director Approving Submission of the Report:**  
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**Executive Summary:**

This paper provides for ASC Members and overview presentation of the Integration programme and governance process in place to deliver this priority. For each workstream there is a more detailed workstream plan and risk register.

**What does this mean for businesses, people and places in South Yorkshire?**

The integration of the MCA and PTE is part of the decision of the MCA to give direct political leadership to decision making on all aspects of public transport policy and operation and to ensure responsibility for delivery of this is vested in a single executive body with political accountability.

**Recommendations:**

The ASC

1. Consider the programme planning undertaken as set out in appendix A
2. Consider the risk management arrangements and risks as set out in Appendix B
3. Consider the options set out for their assurance activity and agree their preferred approach
4. Outline the requirements they would wish to see built into the Internal Audit programme

## **1. Background**

1.1 The decision to integrate the executive arrangements of the MCA and the PTE into a single unified organisation is a priority of the MCA Board, as approved 27<sup>th</sup> July 2020. The formal dissolution of the PTE is subject to a statutory process and as yet the date for this process is unconfirmed. The MCA Board have agreed that all possible actions that can be taken to achieve integration, prior to the statutory order process, should be made. In furtherance of this, the MCA Board are considering at its meeting 7<sup>th</sup> June 2021, a number of governance changes in support of its priority and integration ambitions. This paper includes as a recommendation the integration of the 2 Audit Committees and to establish a sub-group (advisory Panel) for PTE aspects (while it remains a separate legal entity) and integration. After integration the Advisory Panel will become responsible for detailed consideration of operational public transport matters. The MCA paper is attached in full as Appendix A and an update will be provided to members of the MCA discussion as these are to take place after this paper is published. Draft terms of Reference for the Advisory Panel and proposed changes to the terms of reference for this Committee will also be discussed at the meeting.

1.2 To progress arrangements to deliver the decision made, detailed work has been undertaken, with the guidance and challenge of an appointed and expert strategic partner. The assured process put in place centres around 6 key enablers for successful integration:

- Clarity of vision
- Implementing clear and effective governance
- Clear accountabilities and responsibilities
- Developing a clear programme wide plan
- Ensuring resource capability aligns to programme activity
- Ensuring resource availability

### **1.3 Clarity of vision**

This has been driven from the MCA Board, and is centred upon:

- Political leadership, ownership and accountability for both strategic and operational transport
- A single executive that is focused on delivering ambitious and innovative programme and the highest standards of service within the resource envelope available
- A single executive based upon personal accountability and focused on delivering benefits for people, businesses, and places.

The Chief Executive has set out for the Management Board and the officers of the MCA and PTE this vision and there is included within the plan activity that continues to develop increased understanding of corporate direction, and the values and behaviours required to succeed.

#### 1.4 **Clear and effective governance**

An assured model of governance has been established for delivery of the programme and escalation.

Internally the assurance process is via:

- An integration Steering Group
- A Programme Board

Supported by a PMO function to ensure pace and quality.

Political oversight of the programme is through meetings with the Mayor and the Chair of the Transport and Environment Board.

The MCA will derive assurance from the above and also via the oversight of this ASC. The proposal being considered by the MCA is for the Chair of the ASC to provide an annual review of work of the committee for the MCA, outlining any issues, concerns or risks, for a formal meeting with the Mayor every six months and a formal meeting with the Management Board of the MCA every six monthly basis. Whilst these meetings are an opportunity for consider issues relating to the full remit of the ASC, this will enable escalation of matters concerning integration.

#### 1.5 **Clear accountabilities and responsibilities**

The programme plan has set out defined roles and accountabilities:

- Head of Paid Service – Chair of Programme Board
- Deputy Chief Executive – Chair of Steering Group
- Programme Board – all Statutory Officers, Director of the MCA, DG of the PTE
- Accountable Officers for Workstreams – named officers
- Workstream Leads – named officers

#### 1.6 **Developing a clear programme wide plan**

A detailed programme plan has been developed; with 5 distinct workstreams:

- The future organisation and HR
- Finance and assets
- Legal, governance and compliance
- Communications and marketing
- Information technology

Each workstream has developed its initiation document , considering activity, milestones, dependencies and risk.

This initiation document is supported by a more detailed activity plan for each work package which identifies all of the actions required.

#### 1.7 **Ensuring resource capability aligns to programme activity**

In the development of the plan, capability gaps have been identified where additional technical expertise is required. This includes the appointment of an Interim Workstream lead for the Future Organisation workstream and will also involve some call off capability to consider some specific elements of the programme, including but not limited to:

- The most effective approach to asset portfolio management
- Design and implementation of a single job evaluation system

## 1.8 **Ensuring resource availability**

A major risk to the programme is the availability of resource to deliver the integration programme whilst delivering a significantly increased programme in the context of a post pandemic economy. This is a significant risk and one that the Programme Board are seeking to mitigate by taking some actions as described in 2.6 and also considering where technology solutions could bring greater efficiencies.

## 2. **Key Issues**

2.1 Mobilising and implementing the programme that has been developed contains inherent risks. ASC are asked to consider the level of information and assurance work they wish to see and engage with, to enable them to fulfil their responsibilities to the MCA Board. This could include:

- Reliance on the Advisory Panel to solely focus on integration issues for the duration of the integration process
- ASC Member workshop based around understanding the detail of the workstreams
- Appointment of a lead ASC Member per workstream to engage in detailed assurance
- Outlining the programme of audit for the Internal Auditors to undertake into delivery of the plan
- Agreeing elements to be considered and included in the forward work plan of the committee

A brief summary of each option is included in section 3 below

## 3. **Options Considered and Recommended Proposal**

### 3.1 **Option 1 Establish Audit and Standards Advisory Panel to focus on integration**

This would have a standardised agenda including workstream overview, progress and risks.

### 3.2 **Option 1 Risks and Mitigations:**

Availability of Members to serve on this, noting that if it is an Advisory Panel and not a formal sub-committee it is not subject to being a public, webcast, in person meeting.

May not be required for duration of the entire programme.

Will only engage a limited number of members.

### 3.3 **Option 2 Informal workshops of all members**

These could be built into the forward plan and take place flexibly outside of the formal board context

### 3.4 **Option 2 Risks and Mitigations:**

Informality of workshop may reduce attendance

### 3.5 **Option 3 Allocate individual responsibilities to individual Members**

Appoint lead member to focus on deeper understanding of a specific workstream

**3.6 Option 3 Risks and Mitigations:**

May be too much of a commitment for an individual member  
Workstream interrelationships may be missed by this approach

**3.7 Option 4 Internal Audit Plan**

Include in the 2021/22 Internal Audit Plan to ask Auditor to review and provide assurance to the committee as part of detailed reports to the full ASC, as included in the forward plan

**3.8 Option 4 Risks and Mitigations:**

Provides independent review of progress at a point in time as opposed to on an on-going basis  
Could be combined with officer updates

**3.9 Recommended Option**

Members are asked to consider the above options, noting that a number of options could be progressed

**4. Consultation on Proposal**

4.1 Stakeholder engagement was part of the initial Bus Review work. This is being considered in specific elements of the workstreams, particularly those relating to the future organisation – where there will be consultation with Unions and also in communications and marketing – where there may be changes being made to branding.

**5. Timetable and Accountability for Implementing this Decision:**

5.1 Head of Paid Service – timetable is for considerable progress to be made towards full integration in 21/22 financial year. Final timetable will be determined based on the date of the statutory order becoming effective – the date for this is as yet unknown.

**6. Financial and Procurement Implications and Advice**

6.1 The Finance Director is closely engaged in all aspects of delivery of this plan, via Programme Board, Steering Group and leadership of the Finance and Asset workstream.

6.2 Any additional capacity or advice required in the delivery of this programme plan and the transition to new operating models across the group is subject to procurement via competitive tender or utilising established frameworks. Activity is contained within budgets identified as part of business planning.

**7. Legal Implications and Advice**

7.1 Work continues, led by the Monitoring Officer, to engage with MHCLG on the parliamentary order. The Monitoring Officer is engaged in the Programme Board to ensure legal advice across the workstreams is provided.

## **8. Human Resources Implications and Advice**

- 8.1 The HR aspects of this programme are captured in workstream 1 the future organisation. Work to date is focused on a single job evaluation system, review of policies and processes, engagement with officers and the unions and liaising with Communications to set out a detailed programme of employee engagement
- 8.2 Additional capacity has been secured on an Interim basis to lead this workstream working closely with the internal HR team.

## **9. Equality and Diversity Implications and Advice**

- 9.1 The future organisation – In integrating and setting up a new organisation equality and diversity is fundamental in organisational design, culture and values, and ways of working processes and protocols. In line with legislation a baseline for the workforce, matched to protected characteristics is being considered at the level of the group to enable any planned actions to be agreed and implemented.
- 9.2 Communications and marketing – Accessibility issues, imagery related to the new organisation are part of an on-going piece of work linked to the creation of a new website. Further work is planned in year to further progress equality and diversity in the internal and external communications programme of the MCA.

## **10. Climate Change Implications and Advice**

- 10.1 No direct implications as a result of the delivery of the programme plan, however the ambition to mitigate climate change is integral to a number of the work packages and the development of future operating models, not least the asset portfolio of the MCA / PTE. This aspect of the programme will be considered in the context of these specific elements.

## **11. Information and Communication Technology Implications and Advice**

- 11.1 Information technology is one of the five workstreams and there is a detailed plan outlining the IT requirements for the integrated organisation. This workstream is led by the Head of IT. Work packages include a single website and intranet, domain names, licencing and support. The current IT leadership and support is already a single service for the group and therefore a number of actions already operate on an integral basis.

- 11.2 The development of a number of new approaches or Target operating models, will have implications for IT eg the introduction of the following:

- Single HR system
- Programme Management system

The focus on transformational change via the use of data and technology is part of the development of new approaches with implications being considered in the development.

## **12. Communications and Marketing Implications and Advice.**

12.1 Communications and marketing are one of the five workstreams as well as being an enabler of the entire integration process.

Internal communications planned include:

- Detailed Comms plan outlining the approaches to be taken
- Weekly employee bulletin on integration (commenced 27/05/21)
- New intranet focused on integration issues
- Email address for integration questions

12.2 External issues

The MCA are considering at an extraordinary meeting of the MCA 7<sup>th</sup> June the name change of the MCA to the South Yorkshire Mayoral Combined Authority. This change will reflect the geographical focus of the authority. The branding for Travel South Yorkshire will continue, although as part of integration work on branding will be undertaken.

### **List of Appendices Included**

- A MCA Governance Paper
- B Programme Planning Overview
- C Risk Plan

### **Background Papers:**

N/A