

South Yorkshire Mayoral Combined Authority
Annual Governance Statement Year Ended 31st March 2021
Executive Summary

Scope of Responsibility

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

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

What do we mean by Governance?

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

What is ‘good governance’?

Fundamentally, good governance is about making sure we do the right things, in the right way, for the right people. Our commitment to good governance is set out in its our Code of Corporate Governance. This Code, aligned the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016, has been in place for the year ended 31st March 2021, 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 the us 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 2020/21

The Covid-19 pandemic has placed significant demands on the Authority during 2020/21, presenting risks both operationally through the Authority’s Executive Body – South Yorkshire Passenger Transport – and financially.

During the year, the Order, formally transferring the additional powers and functions agreed through the 2015 Devolution Deal, was made meaning additional functions relating to transport, adult education and housing were transferred to the Authority. In addition, the formal integration of the Authority with South Yorkshire Passenger Transport was agreed, and work has begun to consolidate and evolve governance arrangements.

The pandemic has also required the majority of employees to work from home, despite this, the organisation has been able to undertake its day to day activities and the systems and processes in place have provided a robust level of control.

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

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

On the basis of the sources of assurance set out in this statement, we are satisfied that, throughout the year 2020/21 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.

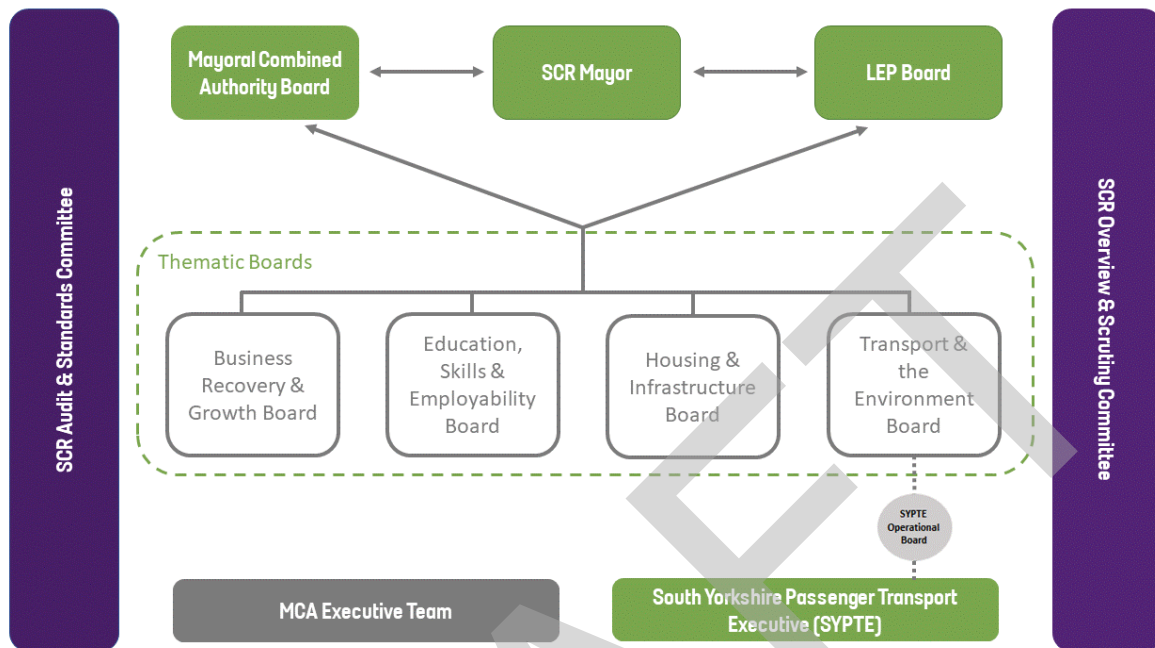
We are satisfied that the comprehensive evaluation process undertaken has identified the relevant areas for attention over the forthcoming year. The action plan, monitored by the Audit and Standards Committee, will (when implemented) further enhance the Authority's governance, risk and internal control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



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

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

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

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

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

The Audit and Standards Committee provides 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 sets out our vision and policy objectives growing the economy of the region at pace; ensuring that all people and places have a fair opportunity to contribute to and benefit from prosperity and protecting and enhancing our environment. Our Renewal Action Plan, which is aligned to our Strategic Economic Plan, was agreed during the year to mitigate the worst effects of the Covid-19 crisis on the Region and sets out the immediate terms actions required to ensure a strong and timely recovery from the economic shock caused by the pandemic. Our priorities are also set out in a number of other plans and strategies that support the Strategic Economic Plan including the Transport Strategy, the Energy Strategy and the Active Travel Implementation Plan.

2. Evaluation of the Effectiveness of Governance

Through a series of interviews and workshops we have assessed and evaluated our compliance with our Code of Corporate Governance and the effectiveness of our governance framework. We are satisfied that our system of internal control is satisfactory and has facilitated compliance with the principles of good governance during the year.

2.1 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 2020/21 has included the following opinion:

“Our overall opinion for the period 1 April 2020 to 31 March 2021 is that based on the scope of reviews undertaken and the sample tests completed during the period, **Significant assurance with some improvement required** can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The level of non-compliance in certain areas puts some system objectives at risk. We identified weaknesses which put system objectives at risk in relation to the AMP Technology Centre. Otherwise, there are only minor weaknesses in the risk management activities and controls designed to achieve the risk management objectives required by management. Those activities and controls that we examined were operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review.”

The weaknesses identified relating to the AMP Technology Centre are being addressed and the learning from this is already being used to strengthen the system. Addressing the minor weaknesses in risk management activities forms part of our Governance Improvement Plan below.

2.2 CIPFA Code of Financial Management

We have also evaluated our compliance with the new 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) with which we are expected to comply. We have undertaken a preliminary assessment of our compliance with the Code and concluded that the requirements of each standard are being met. Nonetheless, there are a number of areas for improvement, and an action plan to implement these improvements is being developed. This is identified in our Governance Improvement Plan for 2021/22.

More detail on the findings of our evaluation of the effectiveness of our governance arrangements and how we have fulfilled each of the principles of good governance can be found in annex A.

In February, out the outset of our Annual Governance Review, in line with CIPFA guidance, we undertook an assessment to specifically identify the impact of the pandemic on our governance arrangements and changes to existing arrangements that had resulted from the pandemic. The findings from this assessment were reported to the Audit and Standards Committee and are also highlighted where relevant in the annex.

3. Accountability and Action Plans

3.1 Progress against our Governance Improvement Plan for 2020/21

Although no significant issues were identified in the previous financial year, we did identify some areas for improvement and put in place a Governance Improvement Plan. The plan, and our progress against, has been monitored by the Audit and Standards Committee. Progress to date is detailed in the table below:

Table 1: Progress against our Governance Improvement Plan for 2020/21

Focus for 2020/21	Progress to date
Strategic	
Adoption of the SEP and RAP and the development of agreed implementation	Following extensive consultation, the Strategic Economic Plan was approved by the Local Enterprise Partnership on 14 th January and the Authority on 25 th January. These documents have

<p>plans for the SEP and the RAP</p>	<p>informed the Corporate and Business Plan priorities for 21/22.</p> <p>The Renewal Action Plan was adopted by the Combined Authority in July 2020. Thematic Boards are continuing to monitor the implementation plans.</p>
<p>Implementation Bus Review recommendations including progressing the full integration of South Yorkshire Passenger Transport Executive and the Combined Authority</p>	<p>September 2020 - Approval to integrate the South Yorkshire Passenger Transport Executive and the Combined Authority with was agreed in September 2020 and has now underway.</p> <p>This includes aligning all policy, leadership and decision making for public transport with the established arrangements of the MCA and the Transport and Environment Board. This includes:</p> <ul style="list-style-type: none"> • setting up a Transport Officers Steering Group, made up of senior transport officers, and Chaired by the nominated lead CEX, to provide an Officer group to support engagement with Local Authorities on transport policy and issues. • approval for a single Group Audit and Standards Committee for the Authority and seeking approval for the creation of a sub-committee to focus on issues of integration and operational public transport, to ensure no loss of risk assurance and oversight. • approval to amend the internal executive arrangements of the PTE to align with those of the MCA Executive.
<p>Continuation of negotiation and implementation of Devolution agreement</p>	<p>Following stakeholder consultation, which concluded in March 2020 the Devolution deal was agreed and signed into law on 27 July 2020.</p>
<p>Implementation of new Thematic Board arrangements</p>	<p>Following the Parliamentary Order, and the transfer of additional powers, functions and funding agreed as part of the devolution the Constitution was updated and the role and remit of the Thematic Boards. Changes were approved in October 2020 to ensure that the boards provide leadership in the development of policy, the delivery of activity aligned to the priorities of the Strategic Economic Plan, the Recovery Action Plan and other approved strategies.</p>
<p>Operational</p>	
<p>Embedding risk management processes</p>	<p>A revised Risk Management Policy and Process was endorsed by the Audit and Standards</p>

	<p>Committee in October 2020 and approved by the Combined Authority in November. Risk Management was embedded into the 2021/22 Business Planning process and into the Programme Management System.</p>
<p>Introduction of new CPRs and a Social Value Policy</p>	<p>New Contract Procurement Rules were approved by the Authority in November, which include the requirement to undertake equalities and climate change impact assessments.</p> <p>Work commenced to develop a Social Value model as part of the Authority's procurement process.</p>
<p>Review and implementation of new corporate induction</p>	<p>Content for the corporate induction was reviewed and largely finalised in December. Management Board reviewed the content in January and an implementation plan for adopting the new induction process has been developed. Full roll out is scheduled for 21/22.</p>
<p>Refresh Assurance Framework to take account of devolution</p>	<p>A thorough review of the Assurance Framework was undertaken to reflect the wider range of funding streams now being utilised to deliver programmes of work and was considered by the Local Enterprise Partnership on 11th March, the Audit and Standards Committee 18th March and the Combined Authority on 22nd March ahead of submitting the document to Government.</p>
<p>Refresh Evaluation Strategy to take account of devolution and implement programme level evaluations for LGF and TCF</p>	<p>The Monitoring and Evaluation Framework was considered by the Local Enterprise Partnership Board on 11th March and the Combined Authority on 22nd March. It was approved by the Department for Transport and, at time of writing, is awaiting approval by other Government departments.</p>
<p>Delivery</p>	
<p>Embed cross organisational Collaboration Teams to improve the effectiveness of major programme delivery</p>	<p>Initial work to progress formalised cross team working was paused due to multiple lockdowns. This way of working has been considered as part of the Corporate and Business Planning work with a view to reintroducing this in 21/22.</p>
<p>Full review of the lifecycle of programme development and delivery to inform continual improvements</p>	<p>Work has commenced on a full review of the lifecycle of programme development and delivery to consider systems and process improvements.</p> <p>Following a procurement process a partner was appointed to undertake an independent Business</p>

	Process Re-engineering (BPR) process. The review is due to conclude and report early in Q2 21/22.
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There were no recommendations made as a result of our 2019/20 external audit, therefore no outstanding recommendations. There are no outstanding recommendations from any years prior.

3.2 Governance Improvement Plan for 2021/22

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 2021/22, will particularly focus on the following key activities.

Table 2: Governance Improvement Plan for 2021/22

Focus for 2021/22	Milestones/ Deadline
Strategic	
Continued implementation of operational improvements to public transport as a consequence of the Bus Review and subsequent national policy statements	TBC
Implementation of the assured plan for full integration of the PTE into the MCA	March 22
Implementation of new decision-making arrangements e.g. broadening the scope of the Transport Thematic Board	Dec 21
Development, agreement to and Implementation of the Strategic Investment Framework	March 22
Operational	
Implementation of new corporate structure and clearly defined responsibilities for the single integrated organisation	September 21
Development of a target operating model for governance to be developed and implemented within the year	September 21
Development of a target operating model for risk management to be developed and implemented within the year	September 21
Development of a target operating model for financial management to be developed and implemented within the year	September 21
Development of a target operating model for procurement to be developed and implemented within the year	September 21
Development of a target operating model for programme management to be developed and implemented within the year	September 21
Review, agree and implement a new officer scheme of delegation	December 21
Embedding of new Contract Procurement Rules and a Social Value Policy and officer briefing and training	December 21
Roll out of new corporate induction	June - July 21
Roll out and evaluation of single process for performance	May 21 (roll out)

development reviews across the integrated organisation	
Implementation of new job evaluation system for the integrated organisation, including renewal of all MCA Executive job profiles to update these to reflect new values etc	Dec 21
Implement arrangements for the monitoring of the Corporate and business plans. Including the introduction of new reporting arrangements	June 21
Introduce a new corporate assurance management board to review all aspects of corporate assurance oversight	September 21
Refresh core policy documents inc Assurance Framework, Monitoring and Evaluation Framework etc	March 22
Review learning from 2018 and implement a plan to run the 2022 Mayoral Election	Dec 21
Develop an action plan to implement improvements to compliance with the Financial Management Code	Dec 21
Delivery	
Embed cross organisational Collaboration Teams to improve the effectiveness of major programme delivery	Mar 22
Implementation of any agreed improvements made following the BPR review. Action plan and implementation milestones to be developed following the report in July 21	TBC