

## Introduction

The Authority's local Code of Corporate Governance sets out seven overarching commitments to good governance, and a number of sub-commitments, which are aligned to the CIPFA Good Governance Framework. Our Annual Governance Review process has assessed the effectiveness of our governance framework in fulfilling each of the principles of good governance and supporting the achievement of sustainable outcomes. We have also evaluated our compliance with the Financial Management Code. This annex provides examples of how we have successfully demonstrated the principles of good governance during 2020/21, describes any changes made in-year as a result of the pandemic as well plans to strengthen arrangements into 2021/22. It is not an exhaustive list but aims to give a broad set of examples to provide assurance on how we apply the principles of good governance.

### **Commitment 1. Good governance means behaving with integrity, demonstrating a strong commitment to ethical values and respect for the rule of the law**

During the year we have taken significant steps to further our commitment to ethical values. Led by the Local Enterprise Partnership, and after substantial consultation, we agreed our new Strategic Economic Plan in January. The Plan describes our vision to grow an economy that works for everyone and is built on three overarching objectives: growing a strong and resilient economy, that everyone has a fair opportunity to contribute and benefit from economic growth and that the growth is sustainable and has a lower overall environmental impact. Adding even greater focus to these principles, our Corporate Plan is aligned to these pillars and puts them at the heart of our business plans for the coming year.

Our Business Case documentation has been re-designed to ensure our decisions are informed by social value and climate change considerations and are aligned to our strategic objectives of Stronger; Greener; Fairer, sections have also been added to our board papers to ensure social value, environmental impact and equality issues are integral to our decision-making.

In addition, we have appointed a specialist Head of Procurement and strengthened our procurement and contracting procedures, not only to ensure compliance with new procurement law, but to ensure social value, environmental impact and equality issues are also considered when we procure any goods or services. We will continue to embed these new 'Contract Procedure Rules' during the coming year and have included this as an action in our Governance Improvement Plan.

Aligned to this principle we are committed to optimising the powers we have to benefit the residents and communities in our region. Following the completion of the Devolution Deal we have updated our Constitution to reflect the additional powers and functions conferred on the Combined Authority and have begun to develop proposals and strategies to realise the benefits of these. For example, the Combined Authority is now able to exercise borrowing powers and, in March, it was agreed to enter into discussions with Government to secure borrowing arrangements and to develop proposals to drive £500m of investment to accelerate the delivery of the

ambitions of our Strategic Economic Plan and of our Renewal Action Plan, which has been put in place to address the more immediate issues caused by the pandemic. The development of this 'Strategic Investment Framework' forms part of our Governance Improvement Plan for 2021/22.

The Adult Education Budget for South Yorkshire has now also been devolved to the Combined Authority and from August 2021 we will have more control over the learning provision for adults that responds to the specific skills needs of our region.

As expected, during the year we have continued to adhere to Coronavirus legislation and restrictions. We quickly pivoted our formal decision-making boards and committees to online platforms, ensuring access to information and transparency was maintained and to ensure decision making was lawful and timely. Our Audit and Standards Committee and Overview and Scrutiny Committee meetings were paused for one round of meetings although contact with the Chairs and Vice-chair was maintained through regular informal briefings.

### **Commitment 2. Good governance means ensuring openness and comprehensive stakeholder engagement**

Effective stakeholder engagement and collaboration is at the heart of how we operate in order to achieve our objectives, never more so in the last year. Restrictions brought about by the pandemic did not hinder this and we took advantage of the technology available to extend our reach. Extensive consultation was undertaken on the Strategic Economic Plan with different stakeholder groups and on our Renewal Action Plan. The Strategic Economic Plan consultation commenced in August for 6 weeks and in this time over 800 responses were received, responses were reported to the November 2020 Local Enterprise Partnership Board. We have also played a key role in convening working groups to address specific issues brought about by the pandemic, such as the availability of Personal Protective Equipment (PPE) and, through the Economic Response Group, to give a voice to the businesses in our region in communicating the impact of pandemic restrictions on them, their challenges and needs back to Government. This group has now evolved and is functioning effectively as a forum for the business community to share collective issues.

We also played a significant role in the Local Resilience Forum by leading on transport intelligence and economic monitoring information to inform the South Yorkshire wide response to the Covid-19 crisis. In the autumn, led by the Mayor, we co-ordinated the communication on the regions tier restrictions and worked closely with our Local Authority partners to distribute 'Additional Restrictions Grants'.

The young people in our region have been amongst those hit hardest by the pandemic and through our Youth Combined Authority we have been able to listen to their needs and concerns for the future. This engagement has directly resulted in the proposal and approval of the extension of concessionary fares on public transport in the region for all those up to the age of 21 until June 2022, in order to strengthen their ability to access and connect to jobs and training opportunities as well as increasing passenger numbers and supporting our net zero ambitions.

The Arts, Culture and Heritage sector in the region has also been severely disadvantaged by pandemic restrictions. Our Strategic Economic Plan recognises the fundamental role and value of this sector in our economy and for the education and wellbeing of our communities therefore we are working with the industry to understand the impact of the pandemic to inform national, regional and local responses to the issue, for example we are now developing proposals for a Cultural Recovery Fund utilising the Additional Restrictions Grant that could help the industry respond positively to the challenges of the last 18 months.

Prior to the pandemic, led by the Mayor and Dame Sarah Storey as Active Travel Commissioner, an online interactive map to collect the views of the people of South Yorkshire on their experiences of walking and cycling in the region was launched. During the pandemic we have built on the success of this engagement tool by adding an additional layer to the map to help inform temporary changes to the regions infrastructure and to appropriately deploy emergency funding for active travel.

Equipping and mobilising the organisation to virtual meetings has supported continued effective stakeholder engagement and consultation during the pandemic. During the early stages of the pandemic additional meetings were scheduled with specific groups to ensure clear channels of communication including Local Authority Chief Executives and Combined Authority Finance Directors.

The funding landscape and our strategic aims and objectives have changed significantly since Combined Authority was first established in 2014. Recognising this, and in response to feedback from our Local Authority partners we embarked on a comprehensive review of the lifecycle of our programme development, commissioning an independent Business Process Re-engineering. We'll consider the conclusion of this review in 2021/22.

### **Commitment 3. Good governance means outcomes are defined in terms of sustainable economic, social and environmental benefits**

We want the actions we take to have an impactful, long-term affect therefore we need to be clear about the outcomes we want to achieve and that the benefits we see are sustainable. To do this we have a clear vision in the form of our Strategic Economic Plan and, as outlined above, have embedded our strategic objectives in our Corporate and Business Plans. During the year we have updated our assurance process to ensure all our investments are appraised against a robust set of criteria aligned to these objectives. We've enhanced this process to include consideration of social value and environmental impact. This process is set out in our revised Assurance Framework which also reflects the wider range of funding streams now being utilised to deliver our programmes of work including Gainshare monies, the Adult Education Budget and Transforming Cities Fund. This year we have also developed and approved our Monitoring and Evaluation Framework. Required by Government, the framework is the primary mechanism for how we will assess our progress towards the delivery of the South Yorkshire Devolution Deal and the targets of our Strategic Economic Plan and Renewal Action Plan. This is important as we need to check that we are investing public money in the areas that will have the most

impact and transformation. Monitoring will also help us plan future policies and strategies and develop projects and programmes.

**Commitment 4. Good governance means determining the interventions necessary to optimise the achievement of the intended outcomes**

We want the policies we drive and the actions we take to achieve the best outcomes for the residents, communities and businesses in South Yorkshire. To do this our strategies and plans are driven by evidence and rounded through extensive and meaningful consultation. We base our decisions on timely, robust and objective information and consider social value, equality and environmental issues.

Recognising that there is a lack of resource in our region to invest in the early stage development of potential schemes that could deliver significant benefit for the region we have established a 'Project Feasibility Fund' to support a sustainable pipeline of propositions to ensure we are able to react to funding opportunities with developed, quality schemes that will help us make the interventions necessary to achieve our strategic objectives.

Our Renewal Action Plan was agreed by both the Local Enterprise Partnership and Combined Authority in July 2020. This plan was developed at pace to mitigate the worst effects of the pandemic and to ensure a strong and timely recovery, building a resilient South Yorkshire economy and society. The plan identifies a number of interventions to be delivered by the end of 2023 to bring immediate relief to local people, employers and businesses and sets out a roadmap for how the region can recover from the pandemic. Our Overview and Scrutiny Committee scrutinised the Renewal Action Plan, which was used as the basis for our submission to the Government's Comprehensive Spending Review, and our Thematic Boards are continuing to monitor implementation plans.

**Commitment 5. Good governance means developing the entity's capacity, including the capability of its leadership and the individuals within it**

We recognise that we need to be organised effectively, create the right operating environment and have the right resources and skills to deliver our objectives.

Following the outcome of the independently led Bus Review, which identified that leadership and accountability needed to be strengthened in order to provide a bus service that met the needs of South Yorkshire, the Combined Authority considered and agreed a 7-point implementation plan. The plan included integrating the Authority and the South Yorkshire Passenger Transport Executive into a single integrated organisation. Delivering the agreed assured plan for the integration, and implementing a new corporate structure with clearly defined responsibilities forms part of our Governance Improvement Plan for 2021/22.

The pandemic has meant that our workforce has continued to work remotely during the year. Recognising the impact of the pandemic and remote working on the health and wellbeing of the workforce, we introduced a number of additional arrangements including more frequent staff briefings, regular email bulletins, staff surveys, wellbeing sessions and signposting to additional services (counselling etc), and the

introduction of mental health first aiders. A new online learning portal was also rolled out during the year.

During the year we have developed new Corporate Induction modules and agreed our approach to Performance and Development Reviews. The roll out of both has been re-scheduled due to the pandemic and is now planned for Q1 2021.

Over the last 12-months we have recognised that the shift to remote working has brought about some challenges in achieving effective cross team working. We have introduced an approach to convening 'Collaboration Teams' for defined policy or programme development areas which, operating by a set of agreed principles, will brigade the right teams around a specific piece of activity in an efficient and effective way. Embedding this approach forms part of our improvement plan for the coming year.

In order to achieve our objectives, it is important that a clear protocol exists to support a constructive working relationship between elected members of the Combined Authority and officers. A protocol forms part of the Combined Authority Constitution and following the finalisation of the Devolution Deal and the re-alignment of our thematic boards to our strategic priorities we established an operating protocol that further defined the working relationship between elected members and officers. This protocol aims to ensure thematic leads are supported effectively and professionally in providing the political leadership to develop the theme and its priorities and to make decisions on the direction of travel.

The Local Enterprise Partnership first established its Diversity Policy in 2018, setting out a commitment to ensuring the composition of the Board reflects the diverse communities of the region. In particular, the Board has an aspiration of 50/50 male/female membership by 2023 and to support this, in July 2020, the Board endorsed a recruitment campaign that targeted applications from a more diverse pool of candidates. A number of new appointments commenced in September which have further strengthened the leadership role the Board has in driving economic growth in the region.

#### **Commitment 6. Good governance means risks and performance are managed through robust internal control and strong public financial management**

We recognise that effective performance management underpins the effective and efficient delivery of outcomes and that risk management is a vital and integral part of this.

To ensure the risks to us being able achieving our objectives are managed effectively, during the year we have reviewed our approach to risk management and, overseen by the Audit and Standards Committee, developed a new policy and process. This was approved by the Combined Authority in November. A number of formally trained 'risk champions' are embedded across the organisation and have supported the ongoing process of embedding the approach into business as usual processes. In particular, throughout the business planning process, 'risk champions' worked with business plan owners to identify the risks to the achievement of the plans and continued monitoring of the agreed business plans, which are aligned to

our Strategic Economic Plan, has ensured outcomes remain on track and risks are managed.

Re-aligning and re-profiling our strategic risks has supported us the development of a comprehensive reserves strategy that has enabled us to allocate sufficient resource where needed and to tackle significant challenges. For example, we have set aside funds for the protection of priority public transport services should bus operators be unable to offer certain services on a commercial basis and have identified funds to implement the bus improvement plan agreed following the recommendations of the independent Bus Review.

A full time Group Finance Officer joined the organisation in June 2020 and during the year we have implemented new finance system which we have tailored to our own operating environment. The use of one group wide platform has improved the provision of management information leading to better informed decisions and has delivered operating efficiencies and processes compliance with best practice and with the Financial Management Code. Due to the pandemic some of our internal processes have had to be adapted, for example, the use of electronic signatures and paperless sign off. The required level of internal control and segregation of duties has been maintained throughout and a recent internal audit on core financial controls provided a significant assurance with some improvements required opinion.

To strengthen our performance management this year we have commissioned and tested a new Programme Management system which when implemented in 2021/22 will allow us to monitor scheme and programme performance more effectively and efficiently through improved data integrity. Risk management is embedded into this system and is aligned to the agreed corporate approach. In light of the pandemic, and the absence of site visits to some of the schemes and projects we are funding, we have adapted our processes to include submission of images at agreed gateways, in order to gain assurances that schemes are on track to achieve agreed outcomes or to understand where activity might have fallen behind schedule. Working in this way has assisted us in managing our programme and the risks to our objectives.

We have reviewed the effectiveness of the decision-making framework relating to delegation arrangements regularly. In order to enable officers to make corporate decisions affecting the running of the organisation, and to ensure the Combined Authority Board is able to focus on key strategic issues, we have increased delegation limit.

In summary, effective risk management, robust but flexible internal controls, clear and appropriate delegations and improved financial and performance information has supported us in navigating a significant financial crisis this year and has allowed us respond and distribute emergency funding from Government in a timely manner. In addition we have been able to keep budgets under review to ensure they are strategy and priority led and that reserves are used appropriately.

**Commitment 7. Good governance means good practices in transparency, reporting and audit to deliver effective accountability are implemented**

We are committed to publishing all our agendas and papers on our website, unless there is a reason to preserve confidentiality, in line with statutory requirements and, this year in order to monitor this, we have introduced a key performance indicator in our Corporate Plan. In addition, despite our publicly held meetings having to move to a virtual platform, we have continued to accept questions and petitions from the public and have encouraged participation.

During the year we have also undertaken a significant amount of work to ensure our website is accessible in line with the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018. We will continue to develop our website to ensure compliance and to improve functionality and ease of use to support our commitment transparency.

Our internal audit plan has been adjusted during the year to accommodate remote working. This and the competing demands upon staff resources, resulted in delivery of the plan being delayed and some audit work carrying over into 2021/22. Despite this the Head of Internal Audit had sufficient assurance to be able to issue an opinion of 'significant assurance with some improvement required' on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In the coming year, annual audit plan will have larger but fewer audits spread over the year to focus efforts in key risk areas.

Aligned to our commitment around transparency and accountability we welcome independent reviews and inspections. During the year the Local Enterprise Partnership participated in the Annual Performance Review conducted by the Department for Business, Innovation and Skills. The review concluded that the Local Enterprise Partnership had met all expectations in the area of governance, delivery and strategy. In addition, the Local Enterprise Partnership also took part in a 'peer review' which was managed by the Centre for Governance and Scrutiny. Paired with the West Yorkshire Local Enterprise Partnership, the review provided rigour and constructive challenge as well providing a forum for sharing of common issues and concerns.

A condition of the funding awarded to the Local Enterprise Partnership in 2014 was to evaluate the delivery of the 2015-2021 programme to understand its impact in supporting economic growth. A mid-term evaluation was undertaken during the year to understand the economic and social value impact to date. The Local Enterprise Partnership Board considered the findings of the evaluation in March and the report is available on the website. The lessons learnt from the evaluation process will be applied in the design, administration and management of future funding programmes.