

Audit and Standards Committee

09 September 2021

Integration Update

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Governance
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a Key Decision

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Executive Summary

This paper provides Members a summary update of the process to integrate the PTE into the MCA and to create a single organisation / Executive team.

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

The decision to formally integrate the PTE and MCA was made in order to ensure greater political oversight and decision making of passenger transport services in South Yorkshire.

Recommendations

Members review the updated status and activity to integrate and consider any additional assurance of progress they require.

Consideration by any other Board, Committee, Assurance or Advisory Panel

None specifically regarding this update report, however scrutiny of integration planning is provided by an Internal Programme Board and is part of the ToR for the Audit, Standard and Risk Committee Panel.

1. Background

- 1.1 The MCA, at its meeting 27th July 2020, agreed to begin the process for integrating the South Yorkshire Passenger Transport Executive (SYPTe) fully within the MCA, moving away from the current Group Structure of the MCA with a wholly owned Subsidiary Body. Since this point a detailed plan to integrate has been developed and a governance framework implemented to oversee progress towards integration.
- 1.2 This report provides Members an update on the current status towards integration and highlights the next steps to be undertaken.

2. Key Issues

2.1 Formal dissolution of the PTE

Members were advised as part of a previous update that the precise format and timing of the legislative order and timetable was unknown. Despite monthly contact with both MHCLG and DFT, there is no progress to confirm the parliamentary order and timetable. The Mayor recently wrote to Grant Shapps and the response has been that the most expeditious route to securing dissolution would be to add this into another order (e.g. borrowing powers) or one for another MCA. Work is now taking place on this basis to clarify the relevant order request and timeline.

2.2 Integrating Governance

Significant progress has been made on implementing an integrated governance position, this includes:

- Moving to a single Audit, Standards and Risk Committee (effective from July 2021)
- Establishing an Audit Committee sub-panel to focus on integration and operational transport (effective from August 2021)
- Appointing the Statutory Officers as Directors of the PTE, to serve alongside the Director General) for the period of the dissolution, to create a single management structure (effective July 2021)
- Approval and adoption of a single officer scheme of delegation for the MCA Executive and PTE (effective July 2021)

Next steps include:

- A full review of the system of risk management, leading to a single operating model for the integrated organisation (due by December 2021)
- A full review of any governance policies or procedures for governance reporting (due by January 2022 – noting some changes can only be implemented after the legal order)

2.3 Organisational Integration

The work to integrate the MCA Executive and the PTE organisation into a single organisation is well underway and working towards a go-live date of the 1st April 2022. The plan is to operate as far as is possible as a single organisation from this point, although some more immediate actions have been implemented and it is partially contingent upon the parliamentary order.

2.4 **Organisational operating model and structures**

- Using the political rationale as the starting point the CEX has set out a revised corporate vision for the single organisation and work is underway to communicate and engage all teams in the MCA Exec and PTE in understanding this in the context of the role of their teams and themselves.
- Work is well underway to explore options for the desired operating model for the single organisation which when considered will inform the corporate structure for the new organisation. (Planned date end October 2021)
- Engagement with Unions has commenced and will continue for the duration of the integration process.
- Work on understanding differences in terms and conditions and policies has commenced and is due to conclude in October 2021

2.5 **Finance**

- Work to integrate financial systems has commenced and new systems implemented to make financial processing more efficient (Effective September 2021)

2.6 **Communications and Marketing**

- A staff engagement survey has been rolled out to ensure the full involvement of employees of the MCA Exec and PTE during and beyond the integration process (Effective August 2021 and running for 2 years)
- Following the name change and agreement of the new logo, work is underway on branding and marketing to include a full review of all MCA / LEP / PTE sub brands
- A single website and employee intranet for the new organisation is commencing development (due by the end of the financial year)

2.7 **Information Technology**

- An independent review of IT services is shortly due to report (September 2021) and will inform the proposed integrated approach
- A review of the utilisation of technology in delivery of the services of the PTE / MCA and internal operation will commence to identify greater effectiveness in operations.

2.8 **The Project Plan and Governance Arrangements**

A full review of the plan to integrate is currently underway. This review is testing the original planning assumptions to identify any slippage or risks to the desire to have a fully integrated organisation by March 31st 2022. This review is due to report on any slippage or risks to the Programme Board (Chaired by the Head of Paid Service) at the Programme Board in September, this will also be subject to presentation to the ASR Committee Panel.

3. **Options Considered and Recommended Proposal**

3.1 This paper does not have a range of alternative options to consider as it is providing an update for Members only

3.2 **Risks and Mitigations**

There are two significant risks – which are fundamental to achieving integration by the ideal date of the 31st March 2022

1. Parliamentary Order delayed – this would mean that the PTE was still a legal entity and would delay formal dissolution. In practice the alignment of governance and the organisation of the Executive team could continue to integrate but some elements of work would need to be adapted to recognise the continuing legal status of the PTE. Work to secure an order to align this to is continuing to mitigate the risk.
2. Operating Model and Organisation structures – This work needs concluding by end October to ensure there are 6 months to implement any changes as a result of the preferred approach. Work is underway on this and there is not a concern that the date will not be met at this stage.

4. Consultation on Proposal

- 4.1 The consultation plan covers:
- Employees and Trades Union
 - Members
 - Audit, Standards and Risk committee and the sub-Panel

The integration plan has also been shared with members of the Transport Officers Steering Group

5. Timetable and Accountability for Implementing this Decision

- 5.1 The desired date to fully implement integration is set as 31st March 2022. The end of the financial year being preferred due to the alignment to the accounting cycle. Should this date not be possible due to the legal order being scheduled for an alternative time – the implications are for two accounting close downs.

6. Financial and Procurement Implications and Advice

- 6.1 Budgetary considerations for integration were considered as part of the 2021/22 budget setting process.

7. Legal Implications and Advice

- 7.1 The legal implications regarding the order and changes to the constitution are being led by the Monitoring Officer. As part of the development of the plan issues requiring legal advice were factored in.

8. Human Resources Implications and Advice

- 8.1 The integration of the MCA Executive and PTE organisation has considerable HR implications that are being managed. These considerations form a detailed element of the programme plan, and form part of regular discussions with the Trades Union.

9. Equality and Diversity Implications and Advice

- 9.1 There are non-specifically related to the production of this paper, but data and statistics are being monitored as part of regular HR monitoring.

10. Climate Change Implications and Advice

10.1 No implications as a result of this aspect of integration

11. Information and Communication Technology Implications and Advice

11.1 Information Technology is a dedicated workstream of the integration plan, led by the Head of IT. Work is underway, with the support of an external partner (Grant Thornton) to consider the operating model for IT and the areas where technology can support the effective delivery of services.

12. Communications and Marketing Implications and Advice

12.1 Communications and Marketing is a dedicated workstream of the integration plan and is supported by a detailed Internal Communications Plan and will be supported by a detailed proposal regarding branding and a review of the sub-brands of the MCA / LEP / PTE.

List of Appendices Included

Not Applicable to this update

Background Papers

Not Applicable to this update