

## AUDIT, STANDARDS AND RISK COMMITTEE

### MINUTES OF THE MEETING HELD ON:

WEDNESDAY, 20 SEPTEMBER 2023 AT 10.30 AM

SOUTH YORKSHIRE MCA, 11 BROAD STREET WEST,  
SHEFFIELD, S1 2BQ



### Present:

Councillor Phillip Lofts (Chair)  
David Phillips (Vice-Chair)  
Councillor Ian Auckland  
Councillor Austen White  
Paul Schofield

Barnsley MBC  
Independent Member  
Sheffield City Council  
City of Doncaster Council  
Independent Member

### In Attendance:

|                 |  |                      |
|-----------------|--|----------------------|
| Gareth Sutton   | Executive Director of Resources & Investment       | SYMCA Executive Team |
| Mike Thomas     | Assistant Director of Finance & Deputy s73 Officer | SYMCA Executive Team |
| Claire James    | Head of Corporate Governance                       | SYMCA Executive Team |
| Tom Bousfield   | Corporate Director Growth, Business & Skills       |                      |
| Tim Taylor      | Director of Public Transport Operations            | SYMCA Executive Team |
| Ellen Hinsley   | Minute Taker                                       | SYMCA Executive Team |
| Aaron Macdonald | Internal Audit                                     | RSM                  |
| Anna Mullen     | Internal Audit                                     | RSM                  |
| Hassan Rohimun  | External Audit                                     | Ernst & Young        |

### Apologies:

None

### 175 Welcome and Apologies

The Chair welcomed all to the meeting and apologies were noted as above.

### 176 Urgent Items/Announcements

None.

### 177 Items to be Considered in the Absence of Public and Press

It was noted that agenda item no. 20: the Internal Audit Report on Cyber Risk was to be considered in the absence of public and press.

178      **Declarations of Interest by any Members**

The Vice Chair made the Committee aware that he had been appointed to the South Yorkshire Police Audit Committee since the previous meeting.

179      **Reports from and Questions by Members**

None.

180      **Questions from Members of the Public**

None.

181      **Minutes and Actions of the Previous Meeting held on 21 June 2023**

**RESOLVED** that the minutes of the meeting held on 21 June 2023 be approved.

182      **Health & Safety Update**

The Committee received a report on health and safety issues within the MCA between April and June 2023.

It was noted that data on incidents at Doncaster Interchange would be included in future reports as per the Committee's request at the previous meeting.

Members observed that progress on actions identified on fire risk assessments was at a similar level as at the last meeting. Further work to complete these would be appreciated.

The Director of Public Transport Operations confirmed that additional resources were being deployed in Barnsley in response to the increase in antisocial behaviour at the interchange. The MCA was working with Barnsley MBC and South Yorkshire Police on the issue.

**ACTION: The Director of Public Transport Operations to provide an update on antisocial behaviour across South Yorkshire at the December meeting.**

**RESOLVED** that the Committee note the contents of the report.

183      **Tram Mobilisation Programme**

The Director of Public Transport Operations presented an update on the progress of the tram mobilisation programme.

The tram would migrate into the ownership of the MCA's wholly owned subsidiary in six months. While due diligence work made it clear that the system was safe, functioning and operable, there would be a great deal to do following the transfer date. A 100-day plan had been created to follow the transfer on 22<sup>nd</sup> March 2024, which would then merge into a business plan which was currently in development. Numerous workstreams were underway,

including:

- Safety & Licence
- Legal
- Systems & IT
- Operations
- Engineering
- People
- Procurements/ Contracts
- Revenue & Marketing
- Finance

In response to questions, the Director of Public Transport Operations stated that the MCA was aiming for a seamless transition in order to minimise risks. It was expected that passengers using the tram would see no difference between 21<sup>st</sup> March under Stagecoach and 22<sup>nd</sup> March under the MCA. He confirmed that although there was still much to do, he was confident that transition would be accomplished successfully.

The Executive Director of Resources & Investment advised that the timeline was very tight with minimal room for error. He felt that it was significant that a commercial settlement had been agreed with Stagecoach as this would ensure their engagement throughout the process. The financial strategy had been formulated over the last 18-24 months to take account of the risks, with £7m being set aside to support any operating losses. He added that a key risk would be the disruption caused by the renewal works that were planned over the next few years.

The Committee was informed that the expansion of the tram network was a longer-term ambition for the MCA. It would be important to invest in the current network and ensure it was fit for the future before considering expansion.

**RESOLVED** that the Committee note the content of the slides.

184

## **Bus Franchising Assessment**

The Committee was presented with an update on the bus franchising assessment work.

The Case for Change had been completed and approved in October 2022. A team had since been established to go through the full assessment process which was currently ongoing. Although this was being worked through at pace, it was a statutory process and could not be shortened. It was also important that the data provided through the assessment be reliable as it would be used to ensure the MCA Board could make a fully informed decision.

The assessment was exploring alternatives relative to the current situation in South Yorkshire. Options included the MCA taking ownership of the depots and vehicles, or one or the other. Each option came with different levels of benefits as well as costs and risks.

Once a decision was taken, an independent audit of the assessment findings would take place, followed by a public consultation and selection of the preferred option.

The Director of Public Transport Operations advised that franchising could provide tools to address the decline in patronage as it would provide control over the whole network. Even with the levels of public subsidy that the MCA was currently providing, it still only controlled around 20-25% of the system. He confirmed that there were profitable routes in South Yorkshire which operators were continuing to run. In a franchised system, any profits made would be invested back into the less profitable parts of the network, which operators were under no obligation to do.

The MCA carried out annual market research on public transport which looked at people's reasons for travel, their destinations, frequency and what prevented them from using public transport. The next market research would be launched within the next few months.

**ACTION: The Director of Public Transport Operations to bring the results of the 2023 public transport market research back to the Committee.**

Members noted that it would be key to understand whether people were travelling less, or whether they were travelling by other means and could potentially be persuaded back to public transport.

**ACTION: The Director of Public Transport Operations to share any data on rail, cycling and car travel with the Committee.**

The Executive Director of Resources & Investment added that a determining factor in public transport use seemed to be convenience. Should franchising be taken forward, a range of policies would need to be put in place at both the MCA and local authority level in order to provide support to franchising.

It was noted that in areas where commercial services were operating, the MCA was not able to tender an alternative.

**RESOLVED** that the Committee note the content of the slides.

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## **Investment Zones**

The Corporate Director of Growth, Business & Skills introduced an item on the recently announced South Yorkshire Investment Zone (IZ).

Government had announced the proposed Investment Zones at the Spring Budget, setting out a series of gateways, including:

- Vision
- Lead sector
- Geography
- Interventions
- Governance

To date, the MCA had identified the lead sector as advanced manufacturing. The spatial core would be based around the region's innovation assets between Rotherham and Sheffield. Additional opportunity sites had also been identified for the scale up of advanced manufacturing in Barnsley and Doncaster. Discussions on interventions and governance were ongoing.

Members commended officers for their work on the IZ and welcomed the investment of £80m in the region.

The Corporate Director of Growth, Business & Skills advised that there would be a monitoring process put in place by Government, but full details on this had not yet emerged. Funding would commence in 2024/25 and would run for five years. He assured the Committee that although it was a tight timeframe, the planned interventions built on schemes that had previously been approved by the Business Recovery & Growth Board and were already going through the business case process. It was planned to set up a team to focus on the delivery of the IZ before the programme began in 2024.

**RESOLVED** that the Board:

1. Note the Lead Sector for the South Yorkshire Investment Zone, as advanced manufacturing defined expansively to include linked sub-sectors such as digital and health.
2. Note the geographical focus for the South Yorkshire Investment Zone.
3. Note the governance model for the South Yorkshire Investment Zone.
4. Note the direction of travel on the Investment Zone interventions and operational arrangements.

(The Corporate Director of Growth, Business & Skills left the meeting.)

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## **2021-22 Accounts & ISA260**

The Committee received an update on the progress of the Statement of Accounts for 2021/22.

The Committee had previously endorsed the 2021/22 accounts in March 2023, however, due to delays and the consequent impact on the Accounts, it was considered appropriate to present the accounts to the Committee once more to provide a final opportunity for scrutiny before they were submitted to the MCA Board for approval in November.

The External Auditor confirmed that the 2021/22 accounts would receive an unqualified opinion with no matters to report on value for money. It was noted that an "Emphasis of Matter" paragraph would be added on the transfer of the functions of South Yorkshire Passenger Transport Executive to the MCA from 1 April 2023.

In response to questions, the External Auditor informed Members that they would be looking to conclude the 2021/22 audit by the end of October 2023. Information was currently awaited from the Pension Fund, but this was expected imminently.

In terms of the 2022/23 Accounts, there had been communications from the Department for Levelling Up, Housing & Communities (DLUHC) on the need to address the backlog of audits. Various potential solutions were being considered and consultation on how to proceed was expected to be launched shortly. The External Auditor stated that work would start on the 2022/23 Accounts no later than January 2024.

The Executive Director of Resources & Investment provided details of a call that officers had joined with DLUHC and Financial Reporting Council officials on the likely shape of the consultation. This consultation would be used to inform any necessary legislation that would need to be passed.

**ACTION: The Executive Director of Resources & Investment to circulate consultation documentation on any proposed solutions to the external audit backlog to the Committee once received.**

The Executive Director of Resources & Investment noted his thanks to the team for all their work on the 2021/22 Accounts. The Chair echoed these comments on behalf of the Committee.

**RESOLVED** that the Committee endorse the revised 2021/22 accounts for approval at the next available MCA Board.

## 187 **Risk Management Monitoring Report**

The Head of Corporate Governance introduced the Risk Management Monitoring Report.

Since the last meeting in June, there had been further activity to mitigate risks across the MCA, including:

- Work had been undertaken to reconfigure the risk management IT system to reflect restructuring within the organisation.
- A risk workshop had been held with the Policy and Strategic Directorate and work was ongoing to refresh their risks. It was anticipated that this work would be concluded for the December meeting.
- Another workshop was planned for October with the Growth, Business and Skills Directorate.
- Internal Audit had followed up on the recommendations and actions from the risk management audit that took place earlier in the year. A further audit was scheduled as part of the 2023/24 audit plan.

**RESOLVED** that Members consider the Risk Management Dashboard and note the progress in embedding risk management processes.

## 188 **Transport Risk Working Group**

The Chair of the Transport Risk Working Group provided an update of the most recent meeting of the Working Group, issues discussed included:

- The application of regional policies where there was a potential conflict between the MCA and the relevant local authority.
- Declining patronage.

- The proposed remedial works programme to mitigate infrastructure risks within the tram network.
- The implementation of changes in traffic signals at Bernard Road.

**RESOLVED** that the update be noted.

The Chair announced that he was due at another meeting in Barnsley shortly. He would therefore relinquish the chair to the Vice Chair for the remainder of the meeting.

(Cllr Lofts left the meeting and D Phillips assumed the chair.)

## 189 **Governance Improvement Plan 2023/24 Update**

Members received a progress report against the 2023/24 Governance Improvement Plan.

The Head of Corporate Governance informed Members that there were:

- 5 'amber' items which were currently in progress; and,
- 1 'red' item on information asset registers which would be considered under agenda item no.20.

Members requested indicative timescales for completion be included in future updates to the Board.

**RESOLVED** that the Committee consider and note progress against the plan.

## 190 **Breach of Controls Report**

None.

## 191 **2023/24 Work Plan**

The Committee considered the Work Plan for 2023/24.

The Head of Corporate Governance advised that PCC updates had been added to the work plan as per the Committee's request for regular progress reports. An informal briefing had also been arranged for Members the following week.

Members reflected that in light of some of the recently publicised failings at other organisations, it would be appropriate to review the following areas:

- The controls and procedures in place for responding to Freedom of Information requests.
- The circumstances behind a number of local government bodies issuing Section 114 Notices in recent months.

The Executive Director of Resources & Investment agreed that it would be valuable exercise to ensure that current measures were fit for purpose.

**RESOLVED** that the following be added to the Work Plan:

1. A review of the Freedom of Information request process.
2. A review of the circumstances behind a number of organisations issuing Section 114 Notices.

## 192 **Internal Audit Plan Progress Report**

The Committee was presented with an update on the progress of the 2023/24 Internal Audit Plan.

Since the previous meeting, the reports on Cyber Risk and Follow Up had been finalised. A draft Bus Data Quality report had also been issued and was awaiting management response. It was expected that this would be presented to the December meeting.

It was proposed to delay the internal audit on Governance until March to allow more time for the changes to fully embed within the organisation.

**RESOLVED** that the Committee:

1. Note the progress of the Internal Audit Plan 2023/24; and,
2. Agree to defer the internal audit on Governance to the March meeting.

## 193 **Follow up audit**

Members received the findings from a review to follow up on the implementation of previously agreed management actions from 2022/23.

The 19 management actions considered in this review comprised eight 'medium', nine 'low' and two 'improvements'. Testing had found that 12 actions had been fully implemented, three actions were in progress and one action was no longer necessary. The remaining two actions related to Supplier Resilience and had been delayed due to team restructuring and changes in approach. Overall, it had been found that reasonable progress had been made in the implementation of agreed actions.

The Executive Director of Resources & Investment confirmed that the MCA was now in the process of commissioning an asset condition survey across the estate. Although the last full survey had been completed in 2018, ad hoc surveys had been undertaken where required in the intervening period.

In response to questions, he added that the question of whether reinforced autoclaved aerated concrete (RAAC) had been used in any part of the estate was being investigated.

**ACTION: The Executive Director of Resources & Investment to provide the findings of the investigation to discover whether RAAC had been used in the estate to the Committee.**

**RESOLVED** that the Committee consider the findings and recommendations of the internal audit follow up review.



194      **Local Government (Access To Information) Act 1985**

**RESOLVED** that, in accordance with Part 1 of Schedule 12A of the Local Government Act 1972, and after considering the public interest test as set out by the officer in the body of the report, Members agreed that the following items of business involved the likely disclosure of exempt information as defined in Paragraph 3, and therefore, in accordance with Section 100A of the Act, the press and public be excluded from the meeting:

Agenda Item No. 20 – Cyber Risk – Paragraph 3

195      **Cyber Risk (RESTRICTED)**

The Committee considered the findings and recommendations of the internal audit focussed on cyber security arrangements.

**RESOLVED** that the Committee note the findings and recommendations of the internal audit on SYMCA's cyber security arrangements.

(The public element of the agenda resumed.)

196      **Issues for Escalation**

None.

I, the undersigned, confirm that this is a true and accurate record of the meeting.

Signed .....

Name .....

Position .....

Date .....