

South Yorkshire MCA Franchising Assessment - Independent Review

Background

This Independent Review letter has been prepared in accordance with the terms of our call off contract dated 13th June 2024 (under the Audit and Assurance Services Framework Agreement (RM6188)). The purpose of this letter is to provide South Yorkshire Mayoral Combined Authority (“SYMCA”, or the “Authority”) with the outcome of our Independent Review of the Authority’s Bus Franchising Assessment (as required by section 123D of the Transport Act 2000 (the “Act”)).

This letter is supported by our **Independent Review Report (Appendix A)** which sets out the process followed and outlines our findings and recommendations.

Scope of the Independent Review

PwC (supported by Steer Davies & Gleave Limited) is engaged to undertake an Independent Review of SYMCA’s Bus Franchising Assessment, and to provide a report and express an opinion* in relation to the following areas required by section 123D of the Act:

- Whether the information relied on by the Authority in considering the matters referred to in section 123B(3)(d) of the Act (the affordability of the scheme) or section 123B(3)(e) of the Act (the value for money of the proposed scheme) is of sufficient quality;
- Whether the analysis of that information in the Assessment is of sufficient quality; and
- Whether the Authority had due regard to the Guidance issued under section 123B of the Act in preparing the Assessment.

In forming a view as to whether the information relied upon, and the analysis of the information by SYMCA is of sufficient quality, our review has taken into account the quality and timeliness of any information received from bus operators and the following criteria:

- whether there are any significant and material gaps in the information used
- whether the information used generally comes from recognised sources
- whether the information used appears to have been selected objectively, rather than to support the arguments in favour, or against, any particular option
- whether the Assessment takes into account any effects or potential effects from the COVID-19 pandemic
- whether the information used, collectively, is relevant and not significantly out of date
- whether the assumptions used in the Assessment are recorded and, where reasonably possible, supported by recognised sources

- whether, where information and evidence is less well defined, but would otherwise lead to an absence of data from the Assessment, the authority's approach is not unreasonable and potential risks associated with the assumptions made are identified
- whether appropriate ranges have been used for forecasts and associated uncertainties identified in the Assessment
- the mathematical and modelling accuracy of the analytical methods used to calculate the impacts of the options
- whether the authority's assumptions on the costs and benefits of the best EP reflect the evidence available of what could realistically be delivered through an EP at the point at which the Assessment was developed
- the availability, quality and – where relevant – timeliness of receipt from bus operators of the information available to the authority

PwC's role as reviewer is not to report or pass judgement on the decisions taken by SYMCA or the outcomes of the Assessment – it is purely to consider the process that has been followed, the accuracy and robustness of the information that has been used to support the Assessment, and to ensure the process has been carried out in accordance with the Guidance.

Review process:

As outlined in detail within the **Independent Review Report (Appendix A)**, our review was comprised of the following elements:

1. Reviewing the quality and sufficiency of data and information (Section 3 of the Independent Review Report)
2. Review of the Affordability and Value for Money Analysis and Modelling (Section 4 of the Independent Review Report)
3. Review process and compliance against Bus Services Act and DfT Guidance (Section 5 of the Independent Review Report)

In undertaking the independent review, we adopted a consultative approach with SYMCA and its advisory team which is characterised by the following stages:

1. Initial briefing with SYMCA and its advisory team - SYMCA and its advisors hosted a number of briefing sessions to describe the approach to the analysis, key assumptions and resulting findings;
2. Detailed review - PwC has undertaken a detailed review of the Assessment, with each case being reviewed relative to the guidance. This stage included a detailed review of the financial and economic models underpinning the Assessment.
3. Clarification process - following a detailed review, a clarification process commenced which set out a series of clarification questions for SYMCA and its advisors, including:

- a. Round 1 - focused on a review of the extent to which the Assessment followed the requirements of the Guidance
- b. Round 2 - focused on affordability, value for money analysis and underlying financial and economic modelling
- c. Round 3 - focused on a review of the supporting information, and close out of outstanding questions.

Additional analysis and sensitivities were provided by SYMCA where this was required to address any identified uncertainties or to provide additional clarity to the review team.

4. Recommendations and findings from the review were developed following the conclusion of the Clarification process outlined above. These findings are outlined within the Independent Review Report through Sections 3-5.

Conclusion

The Independent Review concludes that, in all material respects:

- the information relied on by SYMCA in considering the matters referred to in section 123B(3)(d) of the Act (the affordability of the scheme) or section 123B(3)(e) of the Act (the value for money of the proposed scheme) is of sufficient quality
- the analysis of that information in the Assessment is of sufficient quality
- SYMCA had due regard to the Guidance issued under section 123B of the Act in preparing the Assessment.



*** Exclusions and Limitations:** The following exclusions and limitations apply to this letter and the Independent Review Report:

- This Independent Review does not constitute Independent Audit or Assurance, and it shall not be referred to as such by SYMCA in publishing the Assessment with the exception of where SYMCA is required to cite or refer directly to the terminology used in the Act and the Guidance.
- While the output includes an opinion on the extent to which the Assessment meets the requirements of the Act and the Guidance, it does not constitute an independent assurance engagement in accordance with professional audit or assurance standards (including but not limited to International Standards on Auditing (ISA) and International Standards on Assurance Engagements (ISAEs) and accordingly PwC will not issue an audit opinion or assurance conclusion.

Use of our this letter and our report

This document has been prepared only for South Yorkshire Mayoral Combined Authority ('SYMCA') and solely for the purpose and on the terms agreed with SYMCA. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

If you receive a request under freedom of information legislation to disclose any information we provided to you, you will consult with us promptly before any disclosure.

This is a draft prepared for discussion purposes only and should not be relied upon; the contents are subject to amendment or withdrawal and our final conclusions and findings will be set out in our final deliverable.

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