

**SHEFFIELD CITY REGION COMBINED AUTHORITY**

**ROTHERHAM TOWN HALL**

**MINUTES OF THE MEETING HELD ON 30 MARCH 2015**

PRESENT:

Councillor Sir Steve Houghton CBE, Barnsley MBC (Chair)

Councillor Graham Baxter MBE, North East Derbyshire DC

Councillor John Burrows, Chesterfield BC

Mayor Ros Jones, Doncaster MBC

Councillor Chris Read, Rotherham MBC

Councillor Lewis Rose OBE, Derbyshire Dales DC

Councillor Anne Western, Derbyshire CC

Councillor Griff Wynne, Bassetlaw DC

Ruth Adams, SCR Executive Team

David Armiger, Bassetlaw DC

Fiona Boden, Sheffield City Region Executive Team

Huw Bowen, Chesterfield BC

Neal Byers, SYPTE / SCR Executive Team

Eleanor Dearle, Barnsley MBC / SCR Executive Team

Tom Finnegan-Smith, Rotherham MBC

Andrew Frosdick, Monitoring Officer

Amy Harhoff, Sheffield City Region Executive Team

Julie Hurley, SYPTE

Julie Kenny CBE, Rotherham MBC

Wes Lumley, Bolsover DC / NE Derbyshire DC

Stella Manzie CBE, Rotherham MBC

Jo Miller, Doncaster MBC

John Mothersole, Sheffield CC

Ben Still, SCR Executive Team

Diana Terris, Clerk / Barnsley MBC

Gareth Sutton, Sheffield CC / SCR

Craig Tyler, SYJS

Eugene Walker, s151 Officer

Apologies for absence were received from Councillors J Dore, S Greaves, A Rhodes and E Watts

1 APOLOGIES

Members' apologies were noted as above.

2 ANNOUNCEMENTS

None noted.

3 URGENT ITEMS

None noted.

4 ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PUBLIC AND PRESS

RESOLVED, that item number 24 'SYPTe Review - Strategic Hub' and item number 25 'SYPTe Interim Arrangements' be considered in the absence of the public and press.

5 VOTING RIGHTS FOR NON-CONSTITUENT MEMBERS

It was confirmed that no agenda items require voting rights to be confirmed on non-constituent Members.

6 DECLARATIONS OF INTEREST BY INDIVIDUAL MEMBERS IN RELATION TO ANY ITEM OF BUSINESS ON THE AGENDA

The Chair informed Members that BMBC is the sponsoring Authority for the M1 J36 Hoyland Phase 1 scheme and as such an alternate Member would be asked to assume the Chair for agenda item 21.

7 REPORTS FROM AND QUESTIONS BY MEMBERS

None received.

8 PUBLIC QUESTIONS

None received.

9 RECEIPT OF PETITIONS

None received.

10 MINUTES OF THE MEETING HELD ON 16TH FEBRUARY

Regarding item 11 - Pension Board New Governance Arrangements; the Monitoring Officer informed Members that a response from the DCLG regarding the proposal to combine the Pensions Board for the Passenger Transport Pension Fund with the Pension Board with the South Yorkshire Local Pension Board is still awaited. Appropriate governance arrangements will be put in place in the interim and following any formal response to the proposal.

RESOLVED, that the minutes of the meeting of the Combined Authority held on 16th February 2015 are agreed to be an accurate record.

#### 11 Q3 REVENUE BUDGET UPDATE

A paper was presented to set out the CA's revenue position at the end of Q3 and to provide an outturn forecast. The paper also sought to incorporate brief reporting on the revenue position after Quarter 3 of bodies and funds closely associated with the CA. These include the SYPTE who provides the operational transport arm for the CA, SY ITA Properties Ltd who manage the CA's property portfolio, and the regional funding streams for which Sheffield City Council is the accountable body

It was reported that since the previous quarter's reporting, the revenue position for the CA transport budget has improved, but the CA/LEP budget has deteriorated. The CA's transport budget was previously forecast to be around £140k overspent principally due to on-going poor performance on the CA's cash deposits due to the on-going low-rate low-risk investment environment. This situation has improved due to underspend around administration and savings that will accrue against budget from the decision not to award members remuneration above expenses. The CA/LEP budget has come under pressure due to the loss of c. £150k in budgeted income that would arise from growth in business rates accrued in Enterprise Zone sites and would be paid to the CA by partner billing authorities.

It was noted that these issues are being mitigated by underspends in other areas – particularly staffing. There is also additional scope for increased EZ growth income due from SCC and Chesterfield MBC as a result of activity on EZ sites in their areas.

RESOLVED, that the CA Members:

1. Note the pressures on the transport budget, due to the lower than forecast returns being generated from cash investments.
2. Note that the significant loss of income to the CA/LEP budget, due to revisions on EZ growth income due from partners.
3. Note the mitigations in place to address these issues.

#### 12 CA/LEP REVENUE BUDGET 2015/16

A report was received to remind the CA Members of the requirement to set a balanced revenue budget for CA/LEP economic development activity for the forthcoming 2015/16 financial year and to set out the matters to be considered in ensuring this requisite is adhered to.

It was noted that together with the South Yorkshire transport budget agreed on the 5th January, this budget forms the CA's overall revenue budget for the year.

2015/16 represents the first year that the CA will be asked to approve this budget, with prior LEP activity budgets approved by the Chief Executives

Members were advised of the growing resource pressures associated with the CA's shift from policy to co-ordination/delivery as well as policy which have created demand for additional expenditure and advised that this shift also brings new levels of financial risk as the CA enters this new phase of activity. These pressures are partially offset by an increase in income generated from Enterprise Zone business rates growth, however, it was noted that income growth is insufficient to meet both cost pressures and the CA's need to resolve its inherited reserve deficit.

This paper presented therefore proposed a number of measures to enable a balanced revenue budget totalling £9.3m to be set for 2015/16, either by partially forgiving the Inward Investment Loan (to effectively create a grant), or award revenue grants in advance. It was noted that these options have been discussed with the regional Directors of Finance and each district may choose its preferred option.

Members were therefore invited to input into this debate and agreed to support the opinions being put forward by their respective Directors of Finance.

It was further noted that these measures do not yet provide a sustainable budget looking in to 2016-17. Further work is needed to consider more sustainable longer term means of resourcing activity to assure delivery of the Strategic Economic Plan and Growth Deal.

RESOLVED, that the CA Members:

1. Approve a revenue budget of £9.3m for the 2015/16 CA/LEP economic development activity.
2. Note the choice each district has in respect of the additional funding measures required to support this budget, and that each district commits to one of the options
3. Note that this budget does not resolve the more fundamental issues around future budget sustainability.

### 13 CA CAPITAL PROGRAMME 2015/16 & LSTF REVENUE PROGRAMME

A report was presented requesting that the CA approves an overarching capital programme for 2015/16 and also the proposed Local Sustainable Transport Fund (LSTF) revenue programme for 2015/16, which supplements the Transport Strategy capital schemes.

It was noted that this capital programme consists of programmes directly delivered by the CA, and the programmes delivered by its partners for whom the CA holds accountable body status.

It was noted that from April 2015, the CA will directly deliver a capital programme with three distinct strands; the Sheffield City Region Investment Fund (SCRIF), Skills Capital; and the Regional Growth Fund (RGF). Complementary to this will be the partner led programmes that combine to make up the South Yorkshire Transport Strategy (South Yorkshire Passenger Transport Executive (SYPTTE) programme, Local Transport Programme (LTP); and Sustainable Transport Exemplar Programme (STEP – formerly LSTF).

It was noted that the report also provides a financial overview of the CA's capital programme but does not provide a composite performance and programme management summary. This will be addressed in future papers.

It was noted that the CA's direct and partner delivered capital programmes will support the delivery of the Strategic Economic Plan (SEP).

Members were reminded that that under current governance arrangements, the South Yorkshire Transport Strategy programmes are monitored and managed in-year by the CA's Transport Committee.

RESOLVED, that the CA Members:

1. Approve the capital programmes to be managed directly by the CA, including:
  - The SCRIF programme;
  - The Skills Capital programme; and,
  - The RGF programme.
2. Approve its partner led programmes, including:
  - SYPTTE's capital programme;
  - The LTP capital programme; and,
  - The STEP capital programme.
3. Approve the LSTF revenue programme that supplements South Yorkshire Transport Strategy capital schemes.
4. Note that mid-year management and monitoring of the South Yorkshire Transport Strategy programmes is delegated to the CA Transport Committee.

#### 14 TREASURY MANAGEMENT STRATEGY 2015/16

A paper was presented setting out a treasury management and investment strategy for the CA that seeks to maximise the cash asset the CA holds to support the revenue budgets, whilst also managing the risk inherent in investing money.

The paper also set out how the CA intends to eventually pay down its debts through prudent Minimum Revenue Provision (MRP) charges to our revenue accounts which raise cash. It was noted that these charges are governed by statute, though the CA has discretion in tailoring its charges to local circumstance. The CA's Treasury Management Strategy determines how the CA will manage its debt and its investments.

Members were advised that under law, CA Leaders are required to set an Authorised Limit on the amount of debt the CA will hold during the year. This debt could comprise of loans, or other credit liabilities such as PFI arrangements.

It was noted that the Treasury Strategy set out in the paper principally deals with the treasury activities of the CA, but also sets out the Authorised Limit for the debt the CA group can hold. The CA group includes the South Yorkshire Passenger Transport Executive (SYPTTE).

Regarding SYPTTE loans, it was noted that the SYPTTE has its own loan portfolio, relating to borrowing used to fund past capital expenditure. No new borrowing will be taken by SYPTTE, with any cash requirements being managed upstream at the CA level. SYPTTE's cash is managed on its behalf by the CA. This has meant that the CA has operated with significant cash balances in recent years, and will do so into the near future.

RESOLVED, that the CA Members approve the CA Treasury Management Strategy, including the Annual Investment Strategy, Minimum Revenue Policy Statement; and Prudential Indicators.

## 15 OUTLINE PROPOSAL TO STRENGTHEN SCR GOVERNANCE

A paper was presented to discuss the identified work areas that need to be completed to establish and develop a Chair and Executive model for the SCR CA capable of increasing accountability, transparency and the speed within which decisions can be made.

It was noted that the CA has been in place for a year. During this period the City Region has secured circa £350m in Government funding and additional freedoms and flexibilities. The key challenge for the City Region is to deliver on its agreed 'deals' and in support of this the SCR is seeking to strengthen its existing governance arrangements, in parallel with implementing strong programme management arrangements.

It was noted that in developing an outline proposal for strengthening the CA the Leaders have sought to develop a streamlined, robust and accountable approach that is able to make decisions efficiently and effectively. A key element of this is the adoption of a Leader and Executive model within the CA with this model to be structured around the overarching Chair and Vice Chair roles, combined with a thematic focus on the three key elements of the SEP: business growth, skills and infrastructure.

It was noted that the range of work areas that need to be completed to enable its finalisation has been identified and it is proposed that this work is undertaken over the next three months ahead of formal agreement being sought at the CA's Annual General Meeting (AGM) in June.

Members were also asked to consider a proposal to extend the current terms of the CA Chair and Vice Chair whilst this work is underway.

RESOLVED, that the CA Members note and endorse the proposed areas of work to be completed to develop this proposal prior to the CA's AGM in June (presented at paragraphs 5.1-5.3 in the accompanying report).

## 16 STRATEGIC ECONOMIC PLAN ASSURANCE FRAMEWORK

A report and accompanying presentation were provided noting that the SCR must develop and agree an updated Assurance Framework by the 31st March. This will apply to the funding streams that comprise the City Region's 2015/16 LGF allocation. It was noted that once the document is in place and agreed, the SCR can receive its LGF grant determination and thus access funding.

It was noted that the document agreed will be deemed to be an interim document, which will be superseded by a version to be agreed at CA's AGM in June.

Members were advised that as part of moves to increase transparency, LEP papers will be published in advance of meetings. Members welcomed this move and asserted the expectation that papers will be published in time to permit appropriate officer briefings to take place and that the papers and reports won't replicate swathes of information.

RESOLVED, that the CA Members:

1. Note that an Assurance Framework will need to be submitted to Government by the 31st March for the City Region to receive its LGF allocation at the beginning of April.
2. Agree to submit the Interim Assurance Framework (presented at Annex A to the main report) to Government to meet the 31st March deadline.

## 17 SCR DEVOLUTION DEAL - APPRENTICESHIP GRANT 2015/16

A report was received to update the CA in respect of; the responsibilities the SCR CA will be assuming for the Apprenticeship Grant for Employers (AGE) Devolution Deal, an outline of the SCR approach, the current status of negotiations with BIS and to seek approval to accept the grant offer made by Government to run AGE with effect from 1st April 2015.

RESOLVED, that the CA Members:

1. Note the BIS offer to the SCR and the work to run this devolved programme.
2. Delegate the responsibility to sign off of the grant offer acceptance letter to the Head of Paid Service

## 18 ESIF UPDATE

A report was presented to provide an update on the ESIF Programme, with specific reference to the development of Calls for Proposals.

Members were reminded that the ESIF is delivering a £180m investment of European Funds into the SCR economy over the period 2014 to 2020.

RESOLVED, that the CA Members:

1. Note the contents of the report.
2. Endorse the approach for future Calls for Proposals wherein only Calls that do not align with the ESIF Strategy and Strategic Economic Plan they will require prior agreement from the Combined Authority and LEP Board.
3. Note the potential for the Combined Authority to take a formal Intermediary Body role in the delivery of the Sustainable Urban Development.

19 EUROPEAN STRUCTURAL AND INVESTMENT FUND - THE BIG LOTTERY OPT-IN

Members were provided with details of the ESIF Big Lottery initiative. It was noted that this provides additional cash match to support social inclusion ambitions in the LEP areas. Unlike other opt-ins, this will increase the amount the LEP can spend on its activity and packages of work.

It was noted that the proposed opt-in comprises a total of 2 packages of work for Holistic Support and Social Entrepreneurship respectively and that in order to achieve delivery on the ground as soon as possible there is a short time period to develop the detailed opt-in and agree the proposed opt-in in principles. Big Lottery intends to issue a call for proposals in June 2015.

It was noted that as Big Lottery is offering an opt-in with cash match, this would deliver a total social inclusion investment of at least £3.43 million for the SCR. Of this, £2 million needs to be allocated from the European Social Fund (ESF) budget in the city region's ESIF plan.

RESOLVED, that the CA Members:

1. Agree the allocation of £2,000,000 of ESF grant to a 2-year Big Lottery opt-in.
2. Endorse the opt-in proposal (as outlined in Appendix A to the report).

20 MINUTES OF THE SCR TRANSPORT COMMITTEE - 16TH MARCH

RESOLVED, that the minutes of the SCR CA Transport Committee held on 16th march be noted.

Mayor Jones assumed the Chair

21 INFRASTRUCTURE ADVISORY BOARD RECOMMENDATION FOR M1 J36 HOYLAND PHASE 1 BUSINESS CASE

A paper was provided presenting recommendations for Stage 1B M1 J36 Phase 1 Hoyland business case.

The Monitoring Officer, A Frosdick, confirmed that BMBC Assistant Chief Executive some appropriate decisions will be taken by other officers to avoid any conflict of interest issues arising.

Mayor Jones requested a more detailed funding breakdown for the scheme.

RESOLVED, that the CA Members:

1. Agree the recommendation on the Stage 1B M1 J36 Phase 1 Hoyland business case to progress to Stage 2 of the business case process.
2. Will receive further information regarding this scheme's finances

Cllr Houghton re-assumed the Chair

22 SCRIF MINI-COMMISSION - LIST OF SCHEMES TO TEST

A report was presented to inform Members that the SCR Mini-Commission work has identified 15 proposed schemes with a total value of over £70m, and to set out the Central Independent Appraisal Team (CIAT) recommendations to forward these schemes for further appraisal through FLUTE.

Members were advised that around £42,000 is required to deliver a compliant process for the mini-commission pipeline of projects. Partners have agreed to underwrite the development of their own schemes directly, and requested that a further review of centrally available options be undertaken.

It was noted that the Mini-Commission is focused on deliverable projects in the short term (2015-2017) and there is no guaranteed funding for the projects. However, it was suggested that experience and pragmatism indicates that opportunities through capital underspend; flattening profiles and new announcements may happen and would require the process to underpin decisions for loan and grant funds.

It was noted that the process has been split into two stages, firstly CIAT (Central Independent Appraisal Team) advice on projects that meet the key criteria and secondly taking projects to the next stage of modelling the impact and benefit through FLUTE (Forecast Land Use and Transport Economy Model).

RESOLVED, that he CA Members:

1. Agree the CIAT recommendations (at section 3.4 of the report and schemes in figure 1) for all projects to progress for further testing through FLUTE, noting

that this process will give a value and recommended prioritisation based on GVA impact.

2. Note that there are some projects that have flagged some early issues and agree that The SCR Executive Team will work with scheme promoters to address these before testing the projects.
3. Note that in respect of the absence of central funding, local partners have agreed to underwrite their own scheme development through Mini Commission, and have requested a further review of centrally available funding for infrastructure development.

## 23 SY BROADBAND

A paper was received to provide Members with details of the SCRIF 1B business case which has been increased by £2.4m to a total of £10.4m to secure the programme match in order to safeguard the opportunity to secure the remaining Broadband Delivery UK (BDUK) allocation for South Yorkshire to enhance connectivity at Enterprise Zone and Business Parks.

Members were reminded that South Yorkshire has a remaining BDUK funding allocation of £2.4m to further invest in broadband. However, in order to secure this allocation an equivalent match funding commitment from South Yorkshire is essential and required by 30th March 2015 to ensure the funding is not lost.

The paper therefore outlined the need to expedite the SCRIF funding outside of the mini commission process to meet the tight timescales and ensure the BDUK funding is not lost to South Yorkshire.

It was noted that the additional SCRIF funding of £2.4m will not be required immediately and will only be drawn upon when funding becomes available within the overall SCRIF programme.

RESOLVED, that the CA Members:

1. Support the recommendation of the Infrastructure Advisory Board (IAB) and Sheffield City Region Chief Executives to progress for the SCRIF 1B to include the additional £2.4m funding required to safeguard the remaining BDUK allocation which will ensure additional roll out of faster broadband speeds to key business parks and Enterprise Zones.
2. Agree to provide the necessary statement of approval to satisfy BDUK that South Yorkshire is increasing the principle to commit from SCRIF to further invest in in broadband and match the BDUK allocation of £10.4m and subject to the further £2.4m becoming available in the current programme.

Non-CA officers were asked to vacate the meeting.

24 SYLTE REVIEW - STRATEGIC HUB

RESOLVED, that the recommendations, as set out in the accompanying report be agreed.

25 SYLTE INTERIM ARRANGEMENTS

RESOLVED, that the recommendations, as set out in the accompanying report be agreed.

CHAIR