

**SHEFFIELD CITY REGION COMBINED AUTHORITY**

**THE AMP TECHNOLOGY CENTRE, WAVERLEY, ROTHERHAM, S60 5WG**

**MINUTES OF THE MEETING HELD ON 14 SEPTEMBER 2015**

PRESENT:

Councillor Sir Steve Houghton CBE, Barnsley MBC (Chair)  
Councillor John Burrows, Chesterfield BC (Vice Chair)

Councillor Graham Baxter MBE, North East Derbyshire DC  
Councillor Mary Dooley, Bolsover DC  
Councillor Julie Dore, Sheffield CC  
Councillor Simon Greaves, Bassetlaw DC  
Mayor Ros Jones, Doncaster MBC  
Councillor Chris Read, Rotherham MBC  
Councillor Lewis Rose OBE, Derbyshire Dales DC

Karl Battersby, Rotherham MBC  
Joe Battye, Derbyshire CC  
Fiona Boden, Sheffield City Region Executive Team  
Huw Bowen, Chesterfield BC  
Dorcas Bunton, Derbyshire Dales DC  
Simon Dennis, KPMG  
Julie Kenny CBE, Rotherham MBC  
Garry Kirk, BMBC  
John Mothersole, Sheffield CC  
Jo Miller, Doncaster MBC  
Ben Still, SCR Executive Team  
Sue Sunderland, KPMG  
Gareth Sutton, Sheffield CC / SCR  
Daniel Swaine, Bolsover DC / NE Derbyshire DC  
Neil Taylor, Bassetlaw DC  
Diana Terris, Clerk / Barnsley MBC  
Craig Tyler, Joint Authorities Governance Unit  
Eugene Walker, S.151 Officer

Apologies for absence were received from Councillor A Syrett, J Newman, A Frosdick and S Manzie

1 APOLOGIES

Members' apologies noted as above

2 ANNOUNCEMENTS

None.

3 URGENT ITEMS

None.

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

None.

5 VOTING RIGHTS FOR NON-CONSTITUENT MEMBERS

It was agreed 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

At item 21 (IEB Business Case Recommendations), as Leaders of their respective sponsoring Authorities Cllr Houghton declared an interest in decisions concerning M1 J36 Phase 1 Hoyland and Cllr Burrows declared an interest in decisions concerning the Seymour Link Road.

7 REPORTS FROM AND QUESTIONS BY MEMBERS

None received.

8 RECEIPT OF PETITIONS AND PUBLIC QUESTIONS

None.

9 MINUTES OF THE MEETING HELD ON 3RD AUGUST 2015

RESOLVED: that the minutes of the meeting of the Combined Authority, held on 3rd August, are agreed to be an accurate record

10 SCR COMBINED AUTHORITY STATEMENT OF ACCOUNTS 2014/15 AND ANNUAL GOVERNANCE STATEMENT

A report was presented to communicate to Members relevant matters arising from the external audit of the 2014/15 Statement of Accounts and, in acknowledging these findings, to request that approval is given for the Chair of the meeting to conclude the audit by signing the Statement of Accounts and the Letter of Management Representations.

To assist Members with their consideration of this matter, on behalf of the S.151 officer, G Sutton provided Members with a comprehensive overview of the approval processes the Combined Authority needs to adhere to in deliberating and signing off the group accounts.

The presentation explained the complexities of the CA and where accounting rules are the same as or differ from those relating to a local authority.

Further information covered the organisations contained under the umbrella of the CA Financial Group, the structure of the accounts, timescales and key approval milestones, the revenue outturn position and a number of key financial highlights regarding 2014/15.

G Sutton agreed to circulate a copy of the presentation.

The external auditor, S. Sunderland (KPMG), presented Members with the Report to Those Charged with Good Governance (ISA260) 2014/15 and informed Members that the external audit has not made any material changes to the unaudited accounts. It was noted that the quality of the presented accounts is better than last year's. It was noted that the Combined Authority is classified as an 'other Local Government Body' and as such does not receive an explicit value for money conclusion.

The external Auditor acknowledged that this is the first year of the Authority's existence. As a consequence, the Authority did not have a fully functioning governance framework in place during the year. It was agreed that this position is adequately disclosed in the Annual Governance Statement which sets out the key areas to be addressed in 2015/16, specifically to: establish a Code of Corporate Governance; establish a robust risk management process; establish a performance management framework; review the operation of South Yorkshire ITA Properties Ltd and recover the data processing performance of the pension fund following the implementation of new software.

The External Auditor also recognised that the Authority does not have a Medium Term Financial Plan, currently relying on a single year budget. A plan is starting to be developed now that the Authority has the necessary clarity about its structure, work streams, remit and resources going forward.

It was agreed that the Annual Governance Statement correctly recognises the current status of 'transition' towards new arrangements. The External Auditor encouraged Members and officers to ensure the transition continues in a timely manner and produces all expected supporting protocols and documentation. It was noted that these requirements will be captured in the forthcoming Auditor's Opinion.

The Chair and Members requested that their thanks to all internal and external officers engaged with the production of the annual accounts and the Annual Governance Statement be recorded.

RESOLVED, that the Combined Authority Leaders:

1. Accept the Report to those Charged with Governance (ISA260) 2014/15.

2. Agree that following the above acceptance, the Chair of the Leaders' Meeting may provide signature to the Letter of Management Representations attached at Annex B in order to conclude the audit;
3. Approve the attached Statement of Accounts for 2014/15 and agree that the Chair of the meeting may provide signature to the Statement of Accounts.

11 SCR COMBINED AUTHORITY ISA260 (KPMG)

Matters addressed under agenda item 10.

12 SOUTH YORKSHIRE PASSENGER TRANSPORT PENSION FUND ISA260 (KPMG)

Matters addressed under agenda item 10.

13 SCC LETTER OF REPRESENTATION

Matters addressed under agenda item 10.

14 TREASURY OUTTURN REPORT 2014/15

A paper was represented to provide Members with a compliance report for the CA's Treasury Management activity during financial year 2014/15

It was noted that the report highlights an increase in debt associated with the £72.9m grant award to SYPTE that will significantly increase the amount of revenue reserves available to support sustainable SY transport levy reductions

The paper also highlighted investment activity which struggled against the budget income target due to the challenging operating environment

The paper reported compliance against all parameters, bar a breach on an investment counterparty limit in early 2014 that has previously been reported to members.

RESOLVED, that the Combined Authority Members note the Treasury performance and compliance with the parameters laid out in the 2014/15 Treasury Management Strategy.

15 2016/17 BUDGET SETTING: SCR BUDGET AND BUSINESS PLAN PROCESS

A paper was presented setting out the engagement plan for the CA's revenue budgets. These budgets comprise of the CA/SYPTE budget that culminates in the SY transport levy; and the CA/LEP budget that will determine subscription on the CA partners.

Members were reminded that the CA is required to agree a budget for its SY transport activity in order to set the SY Transport Levy by the statutory deadline of 16th February. This budget will need to be agreed by the 1st February CA Leaders'

meeting. Equally, the CA also needs to set a budget for its CA/LEP economic development activity. This budget is approved distinctly to the transport budget because it encompasses pan-regional activity, and is funded separately to SY transport activity.

It was noted that this budget will determine subscriptions for the CA partners, and will need to be agreed by the 14th March CA Leaders' meeting.

RESOLVED, that the Combined Authority Members note the proposed reporting routes.

## 16 SCR Q1 REVENUE BUDGET & CAPITAL PROGRAMME

Members were presented with the SCR Q1 Revenue Budget and Capital Programme update.

It was noted that the CA's non-programme revenue budget at quarter 1 shows a forecast overspend on SY transport activity, and a small forecast underspend on CA/LEP economic development activity.

The report provided an explanation of the situation.

RESOLVED, that the Combined Authority Members

1. Note the revenue budget position at Q1
2. Note the capital programme position at Q1
3. Note the financial positions of the regional activity managed by partners on behalf of the CA.

## 17 ESIF - SUSTAINABLE URBAN DEVELOPMENT PLAN

A paper was presented to provide Members with an update on the progress of the ESIF Programme and raises the following issues to be considered:

It was noted that a response is required to the invitation to establish a €10.5m Sustainable Urban Development (SUD) within the SCR. This will require the development and submission of a SUD strategy and the creation of a new governance regime to oversee the delivery of the activity. Whilst the benefits of the SUD are seen as relatively limited given the scale of funding involved it is seen as an important step in the devolution process for the SCR and the role of the Combined Authority in that process.

Members were advised that the original ESIF Strategy was developed 2 years ago since which time the SEP has been completed and a number of deals struck with Government. Using up to date intelligence there is an opportunity to revisit the ESIF allocations to ensure they align with the final version of the SEP and current SCR priorities.

RESOLVED, that the Combined Authority Members:

1. Agree that the SCR Combined Authority be the Intermediate Body for ESIF purposes in respect of the SCR ITI/SUD.
2. Agree to delegate the approval and submission of the final ITI/SUD Strategy to the Executive Director of the Combined Authority in consultation with the Chair of the Combined Authority and Legal Officer and subject to endorsement of SCR ESIF Committee.
3. Agree to delegate completion of the written Agreements with DCLG in respect of the ITI/SUD to the Executive Director of the Combined Authority in consultation with the Chair and Legal Officer.
4. Agree to delegate the Selection of Operations (projects) associated with the SUD to the Infrastructure Executive Board.
5. Agree to delegate the refresh of the SCR ESIF strategy to the to the Executive Director of the Combined Authority in consultation with the SCR ESIF Committee

18 SCR EXECUTIVE TEAM ACCOMMODATION

A report was received advising Members of work to identify and source a cost effective office location that meets the long term requirements of the SCR Executive team, whilst resolving the long-standing issue of under occupancy of the Combined Authority owned Broad Street West and the financial implications of this on the Combined Authority.

It was noted that following a call for proposals from across the city region two options for hosting the SCR Executive Team were put forward: Doncaster MBC Civic Building and Broad Street West, Sheffield, both of which were appraised in a detailed report (summarised at Annex A to the report).

It was noted that a report recommending proceeding with a decision to fit out and move the SCR Executive team to Floor 1 of Broad Street West was approved by CEX on 3rd September 2015, with a subsequent recommendation that the decision be escalated to the Combined Authority for endorsement.

RESOLVED, that the Combined Authority Members:

1. Approve the decision to proceed with the option to fit out and move the SCR Executive team to Floor 1 of Broad Street West on the basis that this option:
2. Note that this represents the cheapest option for the CA over a 10 year period
3. Note that this provides the opportunity to fully address the accommodation needs of the SCR Executive Team through the creation of self-sustained facilities
4. Note that this would be an efficient and cost effective means of addressing the long-term problem for the CA of under-occupancy at Board Street West by

aligning the need to rationalise SCR Executive accommodation with investment in Floor 1 of BSW

19 SCR DEVOLUTION UPDATE

The Chair advised Members that the on 4th September, the Sheffield City Region Combined Authority and Local Enterprise Partnership submitted to Government proposals for an economic devolution deal, in line with the deadline for such proposals set by the Chancellor of the Exchequer in the Summer Budget announcements in July 2015.

It was stressed that this submission constitutes the commencement of a period of intense negotiations with government regarding the scale and scope of any potential deal

It was noted that the Sheffield City Region's ambition at this stage is to agree a wholly economic deal that will provide the tools required to deliver the Strategic Economic Plan.

20 SCR AUDIT COMMITTEE - CHANGES TO TERMS OF REFERENCE

A paper was presented detailing the proposed, revised Terms of Reference for the SCR CA Audit Committee.

It was noted that in its original drafting, the Sheffield City Region Combined Authority Constitution was written on the understanding that the SCR would have an Audit Committee and that this Committee would undertake all functions akin to a Local Authority Audit Committee.

However, subsequent consideration has refined this position and following internal consideration, supported by informal negotiation with the External Audit, it has since been decided that 'it would be wrong conceptually and in principle for the Audit Committee to be treated as the body "charged with governance", in respect of approving the accounts of the Combined Authority, when none of the Audit Committee Members are Members of the Combined Authority itself.

Whilst this responsibility therefore rests with the Combined Authority, a further important matter of consideration has recognised that whilst the Combined Authority Members are "charged with governance", as Leaders of their respective districts they may not have the time to give audit related matters the attention they deserve and have therefore been keen to promote the Audit Committee (on which the majority of the district's Chairs of Audit are represented) having the responsibility to make recommendations to the Combined Authority. It is therefore proposed that a number of 'challenge-related' functions remain delegated to the Audit Committee.

RESOLVED, that the Combined Authority Members:

1. Agree the revised Terms of Reference for the SCR CA Audit Committee

2. Note that the Combined Authority itself remains the body 'charged with Governance'.
3. Note that the SCR CA Constitution will be amended accordingly.

21 IEB BUSINESS CASE RECOMMENDATIONS

A paper was presented setting out the recommendations of the Infrastructure Executive Board for M1 J36 Phase 1 Hoyland and Seymour Link Road, noting that both schemes are seeking to move to full approval.

See item 6 for Members' declarations.

Cllr Burrows took the Chair as Members took a decision on the M1 J36 Phase 1 Hoyland scheme. Cllr Houghton did not participate.

Cllr Burrows did not participate as Members took a decision on the Seymour Link Road.

RESOLVED, that the Combined Authority Members:

1. Agree the recommendation from the IEB on M1 J36 Phase 1 Hoyland.
2. Agree the recommendation from the IEB on Seymour Link Road.

22 MINUTES OF THE SCR CA TRANSPORT COMMITTEE - 1ST SEPTEMBER 2015

The minutes of the SCR CA Transport Committee, held on 1st September 2015, were received for information.

CHAIR