

SHEFFIELD CITY REGION COMBINED AUTHORITY

AMP TECHNOLOGY CENTRE, WAVERLEY, ROTHERHAM, S60 5WG

MINUTES OF THE MEETING HELD ON 30 JANUARY 2017

PRESENT:

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

Councillor Ann Syrett, Bolsover DC
Councillor Graham Baxter MBE, North East Derbyshire DC
Councillor Chris Read, Rotherham MBC
Councillor Julie Dore, Sheffield CC
Councillor Tricia Gilby, Chesterfield BC
Councillor Simon Greaves, Bassetlaw DC
Mayor Ros Jones, Doncaster MBC

Ruth Adams, SCR Exec Team
David Armiger, Bassetlaw District Council
Fiona Boden, SCR Exec Team
Huw Bowen, Chesterfield BC
Philip Cooper, SCR Exec Team
Steve Edwards, SYPTE
Andrew Gates, SCR Exec Team
Sharon Kemp, Rotherham MBC
Mark Lynam, SCR Exec TEam
Martin McCarthy, Deputy Monitoring Officer
John Mothersole, Sheffield CC
Joanne Neville, SCR Exec Team
Mel Dei Rossi, SCR Exec Team
Dave Smith, SCR Exec Team
Gareth Sutton, Sheffield CC / SCR
Daniel Swaine, Bolsover DC / NE Derbyshire 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 Rhodes, Councillor L Rose,
D Bunton, S Fowler, A Frosdick, J Miller and N Taylor

1 VOTING RIGHTS FOR NON-CONSTITUENT MEMBERS

It was confirmed that voting rights could not be conferred in respect of agenda item 16 – South Yorkshire Transport Revenue Budget and Capital Programme 2017/18, item 17 – SYPTD Directors Appointments and item 18 – South Yorkshire Passenger Transport Pension Fund as these matters regard the South Yorkshire Local Authorities only.

It was agreed that there were no further items where non-Constituent Members should not have voting rights.

2 APOLOGIES

Members' apologies were noted as above.

3 ANNOUNCEMENTS

None.

4 URGENT ITEMS

None.

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

None.

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

None.

7 REPORTS FROM AND QUESTIONS BY MEMBERS

None received.

8 RECEIPT OF PETITIONS

None received.

9 PUBLIC QUESTIONS

A series of questions were received from the Sheffield for Democracy organisation pertaining to devolution matters.

Questions were as follows:

Q1 Is the delay in public consultation a practical choice or a political choice, aiming to avoid the internal disagreements impacting on the election campaigns?

Q2 How will this delay square with Andrew Percy's comments?

Q3 Why is further public consultation restricted to Chesterfield & Bassetlaw?

Q4 What will happen to the City Region if Barnsley & Doncaster jump ship?

Q5 With a group of Councils divided on things as fundamental as the geography of the devolution agreement, never mind HS2, is the agreement still feasible?

Q6 What is the impact on the City Region's plans of losing the 2016/17 £30M tranche of new funding?

The Chair instructed officers to provide full responses to each question in writing.

10 MINUTES OF THE MEETING HELD ON 5 DECEMBER 2016

RESOLVED: that the minutes of the meeting of the SCR Combined Authority held on 5th December 2016 are agreed to be a true and accurate record.

11 DEVOLUTION UPDATE

Item deferred.

12 LGF CAPITAL PROGRAMME APPROVALS

A paper was presented requesting Members approval of a series of financial recommendations supported by the Central Appraisal Team and endorsed by appropriate Executive Boards.

RESOLVED, that the Combined Authority:

1. Approves the 23 change requests submitted as part of the SCRIF review and business case approvals process, noting these predominantly reprofile funds into future years and also the request to transfer funds between the Doncaster Urban Centre Waterside project and the Doncaster Urban Centre Markets Project.
2. Approves progression of the Centre for High Level Skills to Full Approval and Award of Contract at a cost of £3,513,134 to SCR CA, subject to the conditions set out in the Project Approval Summary Table attached at Appendix B of the covering report.
3. Approves progression of Sustainable Transport Exemplar Programme (STEP) to Full Approval and Award of Contract at a cost of up to £11.88m, subject to the conditions set out in the Project Approval Summary Table attached at Appendix C of the covering report.
4. Approves formalising arrangements with Sheffield City Council via a revised Agency Agreement for the management of the BIF fund which is done on behalf of SCR by Sheffield City Council

5. Approves progression of Doncaster Urban Centre: Enterprise Marketplace to Full Approval and Award of Contract at a cost of £3.189m to SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix D of the covering report.
6. Approves progression of Sheffield Central Retail and Business District: Enabling works phase 2 to Full Approval and Award of Contract at a cost £3.514m to SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix E of the covering report.
7. Approves progression of St Sepulchre Gate West Phases 1 and 2 to Full Approval and Award of Contract at a cost £7.5m to SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix F of the covering report.
8. Approves progression of SCR Property Fund to Full Approval and Award of Contract at a cost £10m to SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix G of the covering report.
9. Approves progression of Better Barnsley Town Centre Retail and Leisure Development to Full Approval and Award of Bridging Finance Facility at a cost £2.14m to SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix H of the covering report.
10. Approves progression of Junction 36 Strategic Site Acquisition to Full Approval and Award of Contract at a cost £1.309m (£1.2m grant with contingent repayment/ £109,000 grant) to SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix I of the covering report.
11. Approves progression of A618 Growth Corridor to Full Approval and Award of Contract at a cost £0.759m to SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix J of the covering report.
12. Approves progression of Retford Employment Sites Phase 2 to Full Approval and Award of Contract at a cost £0.725m to SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix K of the covering report.
13. Approves progression of AMRC Lightweighting Centre at a cost of £10m to the SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix L of the covering report.
14. Approves delegated Authority to the Head of Paid of Service, in conjunction with the Chairman of the CA and in consultation with the S73 Officer to agree future investment / re-investment opportunities in the Advanced Manufacturing Park.

15. Approves progression of a bridging finance facility for Forge Island at a cost £1.5m to SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix M of the covering report.
16. Approves delegated Authority to the Head of Paid of Service, in conjunction with the Chairman of the CA, to enter into the contractual arrangements required as a result of the above approvals.
17. Approves the use of written procedures to seek approval from the CA between meeting cycles for the two remaining early commission schemes (purchase of the AMP and Housing Investment Fund) subject to satisfactory completion of appraisal of the appraisal process ahead of the next cycle of meetings.

13 BUSINESS INVESTMENT FUND - ANCILLARY ISSUES

A report was received requesting the Combined Authority's consideration of 2 practical issues that have arisen since the launch of the BIF Programme c12months ago.

Members were reminded that on 22 June 2015, the CA approved the investment strategy for BIF and agreed that two sub-funds would be established: (a) a fund to support investment in indigenous companies (similar to the previous RGF programme) and; (b) a fund to support significant inward investment within the SCR.

Members were also reminded it was agreed the CA would be the Accountable Body for the BIF fund but the BIF Programme Board would continue to lead this initiative, reporting to the Business Growth Board and/or CA as appropriate;

The report summarised a number of additional previous agreements.

Members were advised that since the launch of the fund, £16.54m of grant support has been allocated to 15 companies (including one significant inward investment). This £16.54m is forecast to lead to £79m of total investment and create 782 jobs. To date 73% of the funding has been allocated to the inward investment strand of the programme, and there are a number of other significant projects in development.

However, it was noted the CA decisions of June 2015 limits the discretion of the BIF Programme Board to the provision of grant support only and Members were asked to consider whether, whilst this is appropriate in the vast majority of cases, restricting the BIF Programme to the provision of grant support prevents the BIF Programme Board from providing more innovative and less costly support through a loan instrument (or other mechanism) where there is a compelling case to do so. It was therefore recommended that the remit of the BIF programme be broadened to include grant support and, by exception, the provision of loans and/or repayable grants.

Members were assured such loans would be offered only by exception, be subject to the approval of the CA's S.73 officer (or his delegate) and subject to the usual due diligence and State Aid checks.

Regarding Inward Investment, Members were asked to consider the suggestion there are anomalies with the BIF Programme in regard of how this accords with empty premises in Enterprise Zones (EZs). It was suggested that the BIF Programme Board be given the delegated authority (exercised through the S.73 Officer or his delegate) to vary the repayment requirement if other analogous circumstances occur in the future or to require repayment where it is appropriate to do so (e.g. where a property was previously occupied by a charity that enjoyed business rate relief).

RESOLVED, that the Combined Authority:

1. Approves the BIF Programme Board being given the discretion to provide loans, repayable grants or other non-grant support by exception.
2. Agrees a modification to the rules in relation to the inward investment part of the BIF Programme.

14 Q3 FINANCIAL MONITORING

Members were presented with a report of the Director of Finance detailing the position of the revenue budgets and capital programme as at the end of Quarter 3.

Members were asked to recognise that the volatile nature of income streams presents challenges in making financial forecasts.

RESOLVED, that the Combined Authority

1. Notes the forecast revenue budget underspend of £700k on CA/LEP activity, despite contingency being taken for devolution legal challenges
2. Notes the forecast revenue budget break-even on South Yorkshire transport activity
3. Notes the forecast CA/LEP capital programme underspend of £20.5m against approved budget
4. Notes the forecast CA/LEP capital programme requirement to defray a further £39.6m to avoid claw back
5. Notes the forecast revenue budget underspend of £1.2m on SYPTE activity
6. Notes the forecast profit after tax of £400k for SYITA Properties Limited.
7. Agrees the budget variation recommendations summarised at section 2 of the covering report.

15 CA LEP DRAFT BUDGET REPORT

A report was received to provide Members with a first draft overview of the resources available to the CA/LEP for the forthcoming financial year.

It was noted the report has been prepared on the basis that no devolution monies will be received, curtailing the proposed growth in the SCR Executive's structure. Accordingly, planned revenue activity will be scaled back to meet existing resource.

It was noted capital programme forecasts are at this stage indicative, based upon partner returns from December but also including the LGF3 grant allocations announced on the 23rd January. Forecasts show that the Authority continues to remain materially over-programmed, restricting opportunities for new commissioning.

Members were asked to note the likelihood that the figures contained within the report will change before March as options are reviewed / refined.

It was noted that local authority subscriptions have been frozen for 2017/18.

Cllr Burrows noted that 14% of the Capital Budget is forecast to be spent in Chesterfield.

Cllr Dore asked what progress has been made with the Combined Authority's direction to officers to maximise the amount of sponsorship contributions to the costs of conferences. It was noted c£30k has been attracted for MIPIM so far.

RESOLVED, that the Combined Authority:

1. Notes that local authority subscriptions will be frozen for the forthcoming financial year.
2. Notes the on-going difficulty in preparing medium-term revenue budgets on un-committed and volatile income streams.
3. Notes the significant potential growth in revenue programme activity in the skills and employment area in future years, and the concerns around the Authority's ability to adequately resource the activity without Gainshare resource.
4. Notes that despite the LGF3 award, the Authority is still over-programmed on its LGF capital programme. This will require management in the next financial year.

16 SOUTH YORKSHIRE TRANSPORT REVENUE BUDGET & CAPITAL PROGRAMME 2017/18

A report was received to present Members with the final proposals for the South Yorkshire Transport Revenue Budget for financial year 2017/18.

It was noted the Capital Programme would now be presented to the next meeting.

Members were reminded the Combined Authority's revenue budgets and capital programmes are split between region wide activity in support of the CA/LEP Strategic Economic Plan and South Yorkshire activity in support of the South Yorkshire Transport Plan. Though the two plans are complementary, they are differentiated by geography and how they are funded.

It was noted the revenue budget principally resources the South Yorkshire Passenger Transport Executive to deliver the South Yorkshire Transport Plan, and is resourced itself through a levy on the South Yorkshire partners.

It was noted that for financial year 2017/18 partners asked for levy reductions of 5%, to be followed by further reductions of 2.5% for three concurrent years to 2020/21. Subsequently the CA and SYPTE have identified net cost savings and mitigations that will allow the levy to be reduced by 5% (£3.025m) in 2017/18. This has been achieved through efficiencies, demand reductions, and use of reserves. It is therefore been determined that policy-led savings are not required to meet this reduction.

It was noted that for 2017/18, the transport levy is proposed at £57,483k.

Members were reminded the CA has committed to reviewing a number of further technical accounting measures that could slow down debt further and asked to consider a recommendation to slow down provisions made to debt incurred before 2007 (when regulations changed) in a manner similar to that undertaken by partner authorities. It was noted this would save £2.2m by 2030/31, but cost more in the longer-term. To achieve this change the CA will be required to approve a change to its MRP policy statement which will be presented to Leaders as part of the CA's Treasury Management Strategy in March.

RESOLVED, that the Combined Authority:

1. Approves a transport levy for financial year 2017/18 of £57,483k noting that this represents a 5% reduction on the prior year.
2. Notes that proposed savings have arisen from demand-led reductions and operational efficiencies, rather than policy-led changes to services.
3. Agree to the change in Minimum Revenue Provision policy to enable proposed budget savings.

17 SYLTE DIRECTORS APPOINTMENT

Members were reminded that at the 24th October 2016 meeting, the SCR Combined Authority delegated authority to recruit to the positions of Director of Public Transport and Director of Customer Services to SYLTE's Executive Board.

A paper was presented to summarise the recruitment process undertaken and recommend the appointment of Tim Taylor as the new SYLTE Director of Customer Services.

RESOLVED, that the Combined Authority approves the appointment of Tim Taylor as the new SYPTE Director of Customer Services.

18 SOUTH YORKSHIRE PASSENGER TRANSPORT PENSION FUND

A report was received requesting the delegation to the Passenger Transport Pension Fund Committee of the approval of the final arrangements and relevant legal agreements for participation of the Fund within the proposed pension pooling arrangements of the Border to Coast Pool; and permission to enter into an appropriate agreement with the South Yorkshire Pensions Authority for the delegation of the functions of the Combined Authority as administering authority of the South Yorkshire Passenger Transport Pension Fund to facilitate participation of the Fund in the Border to Coast pooling arrangements.

It was noted that periodic reports will still be presented to the CA in respect of how the fund is performing.

RESOLVED, that the Combined Authority:

1. Approves the Passenger Transport Pension Fund Committee be given delegated authority to approve the final arrangements and relevant legal agreements for participation of the Combined Authority as administering authority of the South Yorkshire Passenger Transport Pension Fund in the proposed pensions pooling arrangements of the Border to Coast Pool
2. Agrees to enter into an agreement with South Yorkshire Pensions Authority for the delegation of the functions of the Combined Authority as administering authority of the South Yorkshire Passenger Transport Pension Fund to facilitate participation of the Fund in the Border to Coast pooling arrangements

19 ARRANGEMENTS FOR THE APPOINTMENT OF EXTERNAL AUDITORS

A report was received setting out the proposals for appointing the external auditor to the Authority for the 2018/19 accounts and beyond, as the current arrangements only cover up to and including 2017/18 audits.

It was noted the auditors are currently working under a contract originally let by the Audit Commission and the contract was novated to Public Sector Audit Appointments (PSAA) following the closure of the Audit Commission.

Members were asked to consider that rather than undertaking a local appointments process, a sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the Authority, given that the audit costs are likely to be lower than if the Authority sought to appoint locally, as national large-scale contracts are expected to drive keener prices from the audit firms; without the national appointment, the Authority would need to establish a separate independent auditor panel, which could be difficult, costly and time-consuming; the PSAA can ensure the appointed auditor meets and maintains the required quality standards and can manage any potential conflicts of interest much more easily than the Authority; and supporting the sector-led body will help to ensure there is a

vibrant public audit market for the benefit of the whole sector and this Authority going forward into the medium and long term.

It was noted that if the Authority is to take advantage of the national scheme for appointing auditors to be operated by PSAA for the subsequent years, it needs to take the decision at this meeting to enable it accept the invitation by early March 2017.

RESOLVED, that the Authority accepts Public Sector Audit Appointments' (PSAA) invitation to 'opt in' to the sector led option for the appointment of external auditors for five financial years commencing 1 April 2018.

20 SCR TRANSPORT STRATEGY REFRESH

A report was received to present the rationale, scope, programme and budget associated with refresh of the Sheffield City Region (SCR) Transport Strategy.

It was noted the refresh is considered necessary to ensure transport provision continues to be aligned with the economic objectives of the soon to be refreshed Strategic Economic Plan (SEP) and the Conditional Outcomes it will seek to achieve; to promote more effective interaction with national and sub-national programmes and enable the proactive representation of the SCR's interests; to respond to changes to policy context, governance arrangements and devolved powers; to reflect the evolving landscape of transport in the North, which has been accelerated by the creation of TfN and other delivery organisations; to deliver an Investment Plan to yield a programme of activity that contributes toward delivery of both the SEP and the SCR Transport Strategy; and to ensure the Combined Authority, as the Local Transport Authority for South Yorkshire, is compliant with the Transport Act 2000 (as amended by the Local Transport Act 2008).

Members were advised the draft Transport Strategy will be subject to statutory public consultation over the summer.

It was agreed the consultants assisting with the refresh (ARUP) should invited to present to the LEP Board once the draft modal position statements (a key component of the refreshed strategy) have been prepared.

RESOLVED, that the Combined Authority:

1. Approves the proposed refresh of the SCR Transport Strategy in line with the approach presented in the main body of the covering report.
2. Approves the Transport Executive Board taking ownership of the production and delivery of both the refreshed Strategy and the Investment Plan.

21 MIDLAND MAINLINE CONSULTATION

A report was presented to provide an update on the Midland Mainline (MML) upgrade project and to seek approval in principle for the SCR to provide £5m in funding towards a line speed improvement scheme at Market Harborough.

It was noted the £5m allocation will be subject to the single Assurance Framework.

Members were advised a meeting has been arranged with the Rail Minister to express the CA's insistence the allocation must be conditional on assurances regarding the delivery of MML electrification (phase 2).

RESOLVED, that the Combined Authority:

1. Accepts the Market Harborough line speed improvement scheme into the SCR Transport Programme and agrees in principal to contribute the £5m SCR funding contribution subject to available budgets and a satisfactory SCR review of the Network Rail business case and LLEP project assurance recommendations.
2. Agrees a letter be sent from the CA to the Secretary of State for Transport asking him to reaffirm the Government's commitment to phase 2 of the MML electrification to Sheffield by 2023.

22 SUMMARY REPORT - HOUSING EXECUTIVE BOARD

RESOLVED – that the matters addressed in the summary report be noted and the recommendations of the Housing Executive Board be endorsed.

23 SUMMARY REPORT - TRANSPORT EXECUTIVE BOARD

RESOLVED – that the matters addressed in the summary report be noted and the recommendations of the Transport Executive Board be endorsed.

24 SUMMARY REPORT - SKILLS, EMPLOYMENT & EDUCATION EXECUTIVE BOARD

RESOLVED – that the matters addressed in the summary report be noted and the recommendations of the Skills Executive Board be endorsed.

25 SUMMARY REPORT - BUSINESS GROWTH EXECUTIVE BOARD

RESOLVED – that the matters addressed in the summary report be noted and the recommendations of the Business Growth Executive Board be endorsed.

26 SUMMARY REPORT - INFRASTRUCTURE EXECUTIVE BOARD

RESOLVED – that the matters addressed in the summary report be noted and the recommendations of the Infrastructure Executive Board be endorsed.

CHAIR