

**SHEFFIELD CITY REGION COMBINED AUTHORITY**

**THE RECEPTION ROOM, TOWN HALL, BARNSELEY**

**MINUTES OF THE MEETING HELD ON 22 MARCH 2017**

**PRESENT:**

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

Councillor Chris Read, Rotherham MBC  
Councillor Glyn Jones, Doncaster MBC  
Nigel Brewster, SCR LEP Vice Chair

Ruth Adams, SCR Exec Team  
Huw Bowen, Chesterfield BC  
Dave Brennan, SCR Exec Team  
Sue Coffey, SCR Exec Team  
Peter Dale, Doncaster MBC  
Steve Edwards, SYPTE  
Andrew Frosdick, Monitoring Officer  
David Hewitt, SCR Exec Team  
Sharon Kemp, Rotherham MBC  
Mark Lynam, SCR Exec Team  
John Mothersole, Sheffield CC  
Mel Dei Rossi, SCR Exec Team  
Dave Smith, SCR Exec Team  
Gareth Sutton, Sheffield CC / SCR  
Neil Taylor, Bassetlaw DC  
Craig Tyler, Joint Authorities Governance Unit

Apologies for absence were received from Councillor A Syrett, Councillor G Baxter, Councillor J Dore, Councillor S Greaves, Mayor R Jones, Councillor A Rhodes, Councillor L Rose, N Knowles, J Kenny, D Bunton, J Miller, D Swaine, D Terris and E Walker

1 VOTING RIGHTS FOR NON-CONSTITUENT MEMBERS

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

2 APOLOGIES

Apologies were noted as above.

3 ANNOUNCEMENTS

None.

4 URGENT ITEMS

RESOLVED, that: Business Investment Fund – Boeing Inward Investment Proposal be taken as an urgent item (at agenda item 24).

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

RESOLVED: that agenda item 24: Business Investment Fund – Boeing Inward Investment Proposal be taken in the absence of the public and press.

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

None received.

7 REPORTS FROM AND QUESTIONS BY MEMBERS

None received.

8 RECEIPT OF PETITIONS

None received.

9 PUBLIC QUESTIONS

The Authority received 2 public questions, these were addressed as follows:

Q1 from N Slack: *When the SCRCA Constitution was originally established Sheffield for Democracy commented on reservations over the arrangements for public engagement (questions) and minor changes were made. The commitment was also made that the constitution would be a living document open to further changes in the future.*

*The handling of my questions at the meeting of 30th January illustrate the need for further change. The response to the questions I put may have been adhering to the letter of the constitution but they fell far short of the spirit of public engagement.*

*For me, the way public questions are handled should be open & transparent. Questions should be asked in the public forum, not referred to obliquely. Responses should be made publicly at the time and, if more time is required for a fuller response, the written responses should be included in the minutes in retrospect.*

*Some of the Council Leaders present may not be used to or indeed comfortable with this level of public scrutiny but in Sheffield it is considered normal and welcomed (at least in public) by most senior councillors. I would therefore recommend the City Council's approach as a model for the City Region.*

*Will the SCRCA look at the matter in detail and take measures to improve the public confidence in their commitment to public scrutiny?*

The Chair asserted the Authority is open to, and welcoming of, suggestions for improvement to help ensure that all business is transacted in a manner which meets both the letter and spirit of the constitution.

The suggestion that '*some of the Council Leaders present may not be used to or indeed comfortable with this level of public scrutiny*' was refuted, the Chair noting that the districts have recently been subjected to substantial levels of scrutiny.

*Q2 from N Slack: With the Leaders of Barnsley & Doncaster attending the 'Whole Yorkshire' devolution event in York, will the Chair be standing down over what might be construed as a conflict of interest or was accepting the invitation to this event just a sop to back bench discontent within their own Councils?*

The Chair provided reassurances that back bench Members are not sopped in any shape or form and confirmed Members are always provided with all appropriate information and options ahead of any final decisions being taken.

The Chair further confirmed that should any conflict of interest arise, the matter would be dealt with through the taking of appropriate steps.

#### 10 MINUTES OF THE MEETING HELD ON 30 JANUARY 2017

RESOLVED: that the minutes of the meeting of the Authority held on 30<sup>th</sup> January 2017 are agreed to be a true and accurate record.

#### 11 CA/LEP REVENUE BUDGET HIGHLIGHTS

A report and accompanying presentation were received proposing a revenue budget for financial year 2017/18, and providing forecasts for future years.

It was noted the budget and programmes presented in the paper have been construed to facilitate the work of the SCR Executive in delivering the Strategic Economic Plan.

The paper proposed a £5m revenue core budget to be resourced from grants, contributions, retained business rates, and a significant one-off contribution from reserves of £935k.

Members were advised the revenue budget has been prepared on the basis that devolution Gainshare monies do not flow and asked to recognise that without Gainshare the Authority must seriously consider its funding mix, the call upon partners for resource, and the overriding need to identify sustainable funding streams to allow it to operate with confidence.

Members were advised that the Authority will be confronted with a number of challenges in the coming years as it attempts to manage a number of financial difficulties from a position of relative weakness. Revenue income streams from government are committed on a year-by-year basis, whilst retained business rates due to the region from the Enterprise Zone remain stubbornly difficult for partners to accurately forecast. These matters make medium-term planning difficult, and prejudices the Authority's ability to resource the SCR Executive staffing structure with confidence.

It was noted the SCR is also exposed to unpredictable costs as the issues around the judicial review and devolution consultation have shown. Provision has been taken within the Authority's budgets to manage these risks, restricting the amount of resource available for other priorities.

It was noted these issues will be exacerbated by the level of risk the region could be exposed to if it is to proceed with plans to take on major new strands of activity around adult education and work and health budgets from government. Balance sheet strength and staffing capacity to take on significant complex new spheres of activity without more financial and human resource will be a key consideration moving forward.

It was also noted the Authority continues to operate with a relatively low level of reserves to help guard against financial shock. Anticipated outturn underspend from this financial year will be taken to reserves to bolster our financial resilience, whilst it is proposed that some be released to ease income pressures in 2017/18.

Members were also asked to recognise there is a particular concern with respect to key business growth programmes that are currently funded from the LGF revenue reserve and that once this reserve is exhausted, the activity will become unsustainable unless further resource is identified.

RESOLVED, that the Combined Authority:

1. Approves the proposed revenue budget for 2017/18
2. Notes that subscriptions payable by partner authorities will be frozen on 2016/17 levels
3. Notes that there are significant sustainability issues with the CA/LEP revenue budget

12 CA CAPITAL PROGRAMME

Members were presented with a report of the Director of Finance seeking approval of the capital programme for 2017/18 and advised that the programmes are marked by the shortfall of grant to cover all the region's aspirations. The report also provided information regarding the forecast CA/LEP capital programme outturn position for 2016/17

It was noted the Combined Authority's capital programme is constituted from various discreet programmes of activity which can, considering how these are discreetly funded and also the geography of investment, can be grouped into the Local Growth Fund programme and the South Yorkshire transport programmes.

Regarding transport programmes, the report highlighted the anticipated fall in grant resource available to SYPTE and SY district partners to fund investment and maintenance transport programmes in South Yorkshire, manifesting as a recommendation that the Authority approves borrowing of up to £12.5m over the next three years to support investment at the Rotherham bus interchange.

Cllr Read welcomed the Authority's commitment to support investment at Rotherham Interchange.

Members were also advised of the need for investment on Supertram rails for which SYPTE has a currently unfunded contractual obligation and for which a request for funding will be presented later in the year.

Regarding the Local Growth Fund programme. It was noted the current programme has a potential spend of £85.801m in 2017/18.

RESOLVED, that the Combined Authority:

1. Approves the Local Growth Fund capital programme
2. Approves the South Yorkshire transport capital programme
3. Approves the use of borrowing to fund investment in the Rotherham bus interchange (£12.5m)

13 SCR CA ANNUAL TREASURY MANAGEMENT STRATEGY

A paper was presented providing the proposed Annual Treasury Management Strategy for financial year 2017/18.

It was noted this is a compliance paper which sets out how the Authority's debt and investment portfolio will be managed over the period. Like other public bodies, the Authority adopts an efficient approach to its affairs which seeks to mitigate risk above all else.

Members were advised the proposals within this paper do not contain any material amendments to parameters previously agreed and will allow the Authority to continue to conduct its affairs in an efficient manner which mitigates risk.

Members were reminded the Authority has adopted a prudent approach to managing down its debt, charging a prudent provision to its revenue account each year and that the approach to deploying cash balances until they are required favours the security of investments over the yield they return and recognises the importance of balancing risk and reward over the long-term.

RESOLVED, that the Combined Authority:

1. Notes the prudential indicators
2. Approves the annual investment strategy
3. Approves the minimum revenue provision policy
4. Approves the limits and boundaries on debt

14 DEVOLUTION

A report was received to provide an update on proposals to take forward the Sheffield City Region Devolution Deal and seek delegated authority to put in place support to undertake the additional consultation required.

RESOLVED, that the Combined Authority agrees to provide the SCR Executive Managing Director, in consultation with the Chair and Vice Chair of the Combined Authority, the approval to enter into contractual arrangements with the potential value of this activity to exceed £100k to develop, deliver and analyse the additional consultation required to progress the City Region's Devolution Deal.

15 STRATEGIC ECONOMIC PLAN REFRESH AND INDUSTRIAL STRATEGY

Members were provided with an update regarding ongoing work to refresh the Strategic Economic Plan (SEP) and advised of how this work is linked to the SCR's input into informing the government's emerging Industrial Strategy.

It was noted that phase 1 of this work - the refresh of the supporting evidence base has been completed. This evidence base will then be used to inform any potential policy amendments.

It was reported the evidence suggests the SEP strategy is more than meeting a number of its targets and the SCR is experiencing net jobs growth for the first time in a generation. It was noted these jobs are coming from 2 principal sectors; manufacturing and business services. However, despite overall jobs growth the SCR's economy is still overly compromised of low skilled and poorly paid jobs and this situation still needs to be addressed if the SCR is to meet its GVA uplift target.

It was reported the SCR is still underperforming in respect of its new housing targets (with c50% of target numbers being realised). It was suggested this is principally due to market failures and the lack of market conditions required to attract more housing developers to the region.

Regarding skills and employability, it was reported there is a significant challenge to be addressed in respect of developing local 'jobs with prospects' including the jobs required to retain graduates in the SCR.

It was noted a more detailed report on the findings of the evidence base will be presented to the Authority in due course.

## 16 UPDATED ASSURANCE AND ACCOUNTABILITY FRAMEWORK

A report was received seeking the Authority's endorsement of the updated SCR Assurance and Accountability Framework (AAF).

The report included an overview of the changes required to implement this Framework necessitated by the Government guidance.

Members were advised that in order to ensure the Framework's compliance with the national guidance, a number of changes need to be implemented within the SCR's existing governance and assurance systems. Specifically, these include: having a named LEP Board member responsible for leading on SME's (the position to be filled by the Vice Chair in the interim, publishing LEP Boards agendas, papers and minutes, ensuring that decisions taken by Boards with delegated authority from the CA are transparently reported back to the CA and LEP on a regular basis to ensure transparency around the actions underway, publishing a diversity statement explaining how the LEP will look to ensure diverse representation at Board and Sub Board level, making any future commissioning calls for schemes seeking funding open to all scheme promoters and publishing online business case information for schemes receiving LGF, including establishing a mechanism for members of the public to provide comments on business cases.

Members were informed that the revised Framework also includes the evolution of the City Region's Executive Board into Delivery Boards. It was noted that the implementation of this change and specifically giving the Delivery Boards delegated authority to make decisions on the programme of activity agreed by the CA and LEP necessitates changes to the suite of other governance documents supporting the LEP and CA, notably the CA's Constitution (including the code of conduct for members and officers), the Financial Regulations of the CA and the terms of reference for the LEP and the Delivery Boards.

It was noted that to fully implement all recommended changes, including additional changes recommended by the 2016 governance review, required actions will include the development of a revised model composition of membership for the Delivery Boards, reconsideration of the optimum operation of the meeting cycle and ensuring that all published meeting papers are easily accessible via the City Region's website.

Members were asked to recognise it is likely the completion of these actions will require the SCR to make further revisions to its Assurance Framework and informed is proposed that changes will be operationalised following the CA's Annual General Meeting in June.

RESOLVED, that the Combined Authority:

1. Endorses the revised Assurance and Accountability Framework
2. Notes the actions required to implement the revised Assurance Framework.
3. Notes the wider changes required to implement the conclusions of the 2016 governance review.

17 LGF CAPITAL PROGRAMME APPROVALS

A report was presented confirming and seeking endorsement of the financial approvals which have progressed through the Appraisal Framework.

RESOLVED, that the Combined Authority:

1. Approves the 12 change requests received since the last meeting of the CA on 30th January 2017 (provided at Appendix A to the accompanying report)
2. Approves the establishment of the financial and management structure of the Housing Investment Fund at a cost of up to £10m, noting the Fund cannot transact on individual schemes / investments until the conditions recommended by Appraisal Panel have been resolved and presented to the CA for approval.
3. Approves the acquisition of the Advanced Manufacturing Park Technology Centre, on behalf of the SCR Combined Authority, at a cost of up to £7.55m.
4. Approves delegated Authority to the Head of Paid of Service, in conjunction with the Section 73 Officer and the Chair of the CA, to enter into the contractual arrangements required as a result of the above approvals.

18 SYLTE DIRECTORS APPOINTMENT

RESOLVED, that the Combined Authority notes the appointment of Ben Gilligan to the position of SYLTE Director of Public Transport and acknowledges that a fair and equitable appointment process has been undertaken.

19 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.

20 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.



21 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.

22 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.

23 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.

24 BUSINESS INVESTMENT FUND - BOEING INVESTMENT PROPOSAL

A paper was received seeking the Combined Authority's approval of the Business Investment Fund's recommendation of an award of £5.75m to support the establishment of a production facility in the SCR by Boeing United Kingdom Limited, noting CA-level approval is required for any grant of over £2m.

RESOLVED, that the Combined Authority:

1. Notes the proposed investment by Boeing in a research and development programme and a new fabrication facility in the SCR which will (if approved) manufacture components for aircraft actuation systems by 2019.
2. Agrees, subject to contract and satisfactory due diligence, to allocate £5.75m of funding from the Business Investment Fund to support this investment.
3. Delegates authority to the CA's Head of Paid Service (in consultation with the CA's Statutory Officers) to agree appropriate terms and conditions of this grant award

CHAIR