

17 January 2018

To: Members of the Sheffield City Region Combined Authority Overview and Scrutiny Committee

Appropriate Officers

NOTICE OF MEETING

You are hereby summoned to a meeting of the Sheffield City Region Combined Authority Overview and Scrutiny Committee, to be held at 18 Regent Street, Barnsley, S70 2HG at 1.00 pm on Thursday 25 January 2018 for the purpose of transacting the business set out in the agenda.



Diana Terris
Clerk to the Combined Authority

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This matter is being dealt with by:

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Member Distribution

Councillors: Z Naz (Sheffield CC), C Furness (Derbyshire Dales), P Innes (Chesterfield BC), W Johnson (Barnsley MBC), A Jones (Doncaster MBC), A Law, S Mohammed (Sheffield CC), G Morley (North East Derbyshire DC), S Peake (Bolsover DC), I Saunders (Sheffield City Council), J Shephard (Bassetlaw DC), P Short (Rotherham MBC), B Steele (Rotherham MBC) and A White (Doncaster MBC)

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OVERVIEW AND SCRUTINY COMMITTEE

1.00 PM, 25 JANUARY 2018

18 Regent Street
Barnsley
S70 2HG

AGENDA

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1	Welcome and Apologies	
2	Voting Rights for Non-Constituent Members	
3	Urgent Items / Announcements	
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13	OSC Work Plan 2018	
Date of next meeting: 26 April 2018 at 1.00 pm		

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OVERVIEW AND SCRUTINY COMMITTEE

26 OCTOBER 2017

PRESENT Councillor J Shephard (Chair)

Councillors: C Furness, P Innes, W Johnson, A Jones, I Saunders and B Steele

Observer: Councillor K Sarvent

Officers: R Adams, F Boden, D Budd, C Marriott, M McCarthy, D Smith and C Tyler

Apologies for absence were received from Councillors A Law, S Mohammed, G Morley, S Peake, P Short and A White

1 WELCOME AND APOLOGIES

Members' apologies were noted as above.

The Chair welcomed Cllr Sarvent, Chesterfield's Joint Scrutiny Chair and Christine Marriott, SCR Scrutiny Officer, to the meeting.

It was noted the meeting was not quorate, by virtue of the definition provided by the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2016 which stipulates a two-thirds quoracy threshold.

Members were advised of work underway to assist the Committee's capability to meet this requirement and informed of intentions to develop a 'Substitutes Policy' which, is intended, would be presented at the 2018 SCR Combined Authority AGM with prior consultation with the districts' heads on governance. It was noted this policy, if approved, would afford the substantive Committee Member the option to appoint named delegate Members from their own respective district to attend a Committee meeting on their behalf if they are unable to do so.

Cllr Saunders asked officers to do as much as they can to avoid clashes with other district and joint authority meetings, acknowledging the complexities involved with having to accommodate the 9 districts' uncoordinated meeting schedules.

2 VOTING RIGHTS FOR NON-CONSTITUENT MEMBERS

It was agreed that there were no agenda items for which the non-Constituent Members should not have full voting rights.

3 URGENT ITEMS / ANNOUNCEMENTS

None.

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

None.

5 DECLARATIONS OF INTEREST BY ANY MEMBERS

None.

6 REPORTS FROM AND QUESTIONS BY MEMBERS

Cllr Furness questioned the timing of the meeting and whether, noting the duration of the preceding and recent SCR Audit Committee meetings, the start time could be brought forward.

It was agreed to trial a 1pm start time for the next 2 meetings.

7 QUESTIONS FROM MEMBERS OF THE PUBLIC

None.

8 MINUTES OF THE PREVIOUS MEETING HELD ON 27TH JULY

RESOLVED, that the minutes of the meeting held on 27th July are agreed to be a true and accurate record of the meeting.

9 MATTERS ARISING

A report was received to provide Members with an update on matters arising from the previous meeting; Employment Health-Led Trial and Employment Early Intervention Pilot.

10 DRAFT INCLUSIVE INDUSTRIAL STRATEGY

A report and presentation were received providing Members with information regarding the emerging SCR Inclusive Industrial Strategy (SCRIIS) (formerly known as the Strategic Economic Plan (SEP)). It was noted this now reflects the outcome of the work that has been undertaken on the development of this Strategy since the evidence base was last presented to the Committee on 27th April.

The presentation addressed the achievements realised during the period covered by the preceding SEP (since 2014), matters being taken into account in taking the SEP forward into the SCRIS (including Brexit, national and international growth trends, devolving responsibilities and government strategies), the importance of

'inclusive' growth, the opportunities and challenges to be addressed and how these translate into an emerging vision and 5 priority themes (research and innovation, business and investment, place, skills and employment and transport).

Members were advised the draft SCRIS would be subject to wider public consultation towards the end of the year.

Cllr Steele asked how the SCRIS will help the Local Authorities achieve their plans to attract more businesses and increase business rate receipts. D Smith noted the SCR and the districts' ambitions to bring in more businesses are identical and the SCRIS explains how this will be done in partnership.

Cllr Steele noted Barnsley was putting a lot of financial investment into trying to stimulate housing growth, yet delivery rates are still low and questioned how the SCRIS can assist. D Smith noted it had been well recognised that housing delivery was under-performing across the City Region, with current delivery rates at about half of the target and informed Members of how our collective approach to addressing this issue is changing, starting with the provision of additional resources in the Executive Team.

Cllr Steele questioned whether it was a risk 'we' are creating a nice place to live for people to just commute and work in other areas. D Smith suggested a sign of a healthy economy is people being able to move freely between districts and regions, noting this also facilitates people living elsewhere and working here.

Cllr Saunders noted the importance of an effective public transport system and the ability to make more sustainable movements and requisites to achieve the SCRIS ambitions.

Cllr Furness requested clarity around apparently conflicting 'new business creation' figures. It was confirmed the higher figure quoted is for total new businesses created and the lower figure represents the proportion of new businesses directly supported by SCR initiatives.

Cllr Jones asked what more will be done to address the issue that a third of the SCR local economy jobs are low paid and not very productive. D Smith confirmed the SCRIS will be devised to help assist all employment demographics and sectors.

Cllr Steele asked what proportions of the jobs created so far are full time, part time or zero hours contracts. It was confirmed this information would be provided.

Action: F Boden to provide some additional statistical break-downs to explain the status of jobs created (full time v part time, rates of pay etc.).

RESOLVED: that the Committee notes the draft SCR Inclusive Industrial Strategy.

11 DEVOLUTION

Members were provided with a verbal update on devolution and Mayoral Combined Authority matters.

It was acknowledged the 4 Constituent Member districts are not in agreement regarding a way forward, with 2 wanting to see the delivery of the devolution deal as per the current agreement and 2 wanting to explore other potential deals.

It was confirmed that unless the position changes (subject to the will of a majority of the CA Constituent members, the agreement of the DCLG Secretary of State and subjection to appropriate parliamentary processes) there will be an election for a Mayor in May 2018.

Cllr Steele questioned whether the dissolution of the Combined Authority was a possibility or whether there were any other options available. D Smith noted a request could be made to again defer the date of the election (subject to the agreement of at least 3 of the Constituent Member districts), but this has already happened once and a further change request may not be well received. Regarding the dissolution of the Combined Authority, it was acknowledged this is possible but suggested this would be a very complex process and require various public interest tests to be met.

Cllr Steele asked what powers the Mayor would have on appointment. D Smith confirmed that without the devolution deal in place, the mayor will chair Combined Authority meetings and carry out the functions of the Chair. The Mayor would also have some limited powers as per the provisions of the Bus Services Act 2017, however, further powers are locked into the devolution deal and therefore not applicable.

Cllr Steele asked if the cost of running the election was yet known and where the money would come from. D Smith indicated the full cost was not known at this stage. The funding for the election would initially tried to be identified from SCR resources but if this can't be found then discussions will be held with the districts.

Cllr Furness asked if the 16 other areas of Yorkshire elect a Yorkshire Mayor, and the 4 districts of South Yorkshire elect a 'South Yorkshire' Mayor, is there any problem with these 2 Offices combined at a later stage? D Smith suggested this wouldn't present any legal issue in theory and noted there are provisions for 2 Combined Authorities to merge, subject to the passing of various interest tests.

The Chair asked whether the previous legal challenge by Derbyshire CC in respect of the public consultation exercise still had any bearing in respect of future consultations. D Smith noted that as the situation stands, consultation is only required on matters related to the 2nd Order i.e. the devolution of powers and as there are currently no powers being devolved there is no requirement to consult.

Cllr Johnson asked when the absolute latest time was that the May 2018 election could be called off. D Smith suggested this is somewhat dependent on available parliamentary time which is likely to be practically fully subscribed. It was further noted the recent letter from the DCLG Secretary of State states the Government is not minded to change its position on this matter.

The Chair summarised the situation noted the SCR originally wanted 'the money without a mayor' but has somehow ended up with 'a mayor but no money'.

It was noted a commission to take the electoral process forward, and the appointment of the Returning Officer, will be sought at the next Combined Authority meeting.

12 THE ROLE OF OSC IN SCRUTINISING TRANSPORT

A paper was received outlining the propensity for the Committee adopting an enhanced role with regard to transport policy and delivery.

Members were provided with an explanation of why it is proposed the Committee adopted this enhanced responsibility, together with a brief history of scrutiny-related activity in this area.

It was suggested the Committee's focus would include such matters as transport strategy, transport budgets, scheme specific programmes and new funding proposals and priorities.

Cllr Saunders agreed this would be a sensible undertaking for the Committee, given its politically proportional elected Member representation, but questioned whether the Committee had the time available to give this matter the attention it requires. M McCarthy confirmed the proposed model for transport related scrutiny would be finessed to ensure meeting agendas are appropriately balanced, well prioritised and manageable.

Consideration was given to whether the districts' Cabinet lead Members should be invited to meetings at which transport matters are being scrutinised. However, Members noted this would be contrary to how scrutiny functions operate at the district level, where Cabinet Members are effectively barred from attending.

Cllr Jones noted his district operates a number of scrutiny committees, each thematically focussed, and suggested the SCR should consider such an arrangement. Cllr Innes suggested it may be useful to convene a working group to look at options in more detail as agendas do become less manageable.

RESOLVED, that the Committee Members note the proposal to accept an enhanced transport scrutiny role and accept this duty subject to the comments noted.

13 DRAFT TRANSPORT STRATEGY REFRESH

A report was received to inform Members of the latest developments in respect of the refresh of the SCR Transport Strategy and to invite Members' feedback on the draft vision, goals and policies of the strategy ahead of the determination of the version of the draft which will become subject to wider public consultation, and the planned consultation process itself.

Members were advised of the key changes to the draft i.e. the emergence of HS2 and Transport for the North which are both predated by the previous strategy.

The draft vision, goals and policies and public consultation plans were explained in detail.

However, SCR would particularly welcome thoughts and views on the public consultation process that is being proposed.

It was noted the SCR Transport Strategy effectively becomes the 'Local Transport Plan' for the region and will be accompanied by an operational Implementation Plan.

Regarding confusion around the geographic coverage of the Strategy, it was noted the predominant operational focus is South Yorkshire, however, the plan acknowledges the wider economic footprint of the SCR and wider travel to work patterns which cover the SCR geography and for which, some common wording has been agreed with the overlapping Derbyshire and Nottinghamshire Transport Authorities.

Cllr Steele welcomed the vision but suggested all visions cost money and questioned whether the SCR will have the resources to deliver a cheap (at point of usage), integrated transport system as good as that enjoyed in the days of the South Yorkshire County Council.

Cllr Johnson questioned whether everything has been done to capture evidence regarding new technologies and innovation, such as driverless cars.

Action: D Budd to provide further information to the Committee regarding how the Strategy is capturing information regarding new technologies and innovation.

Cllr Johnson further commented on the need to avoid wasteful expenditure in technologies which may become redundant.

Cllr Saunders sought an assurance the consultation plans will capture the opinions of all service users, particularly disabled groups and also tenants and residents associations, and noted the districts have a number of good liaison groups and other resources in place in districts that could help deliver this work.

Action: D Budd to make provision for the consultation to feature on all SCR district websites.

Cllr Jones sought, and was provided with clarity regarding some of the terminologies used in the draft.

The Chair asked whether consultation would be SCR wide. D Budd noted that whilst the Strategy's 'statutory duty' would only cover South Yorkshire, its economic importance and the SCR residents' need to access leisure and jobs across boundaries will mean consultation will be SCR-wide.

Cllr Jones requested the consultative draft be double checked to ensure there are no statistical inconsistencies.

RESOLVED, that the Committee notes the current version of the draft and supports its recommendation to the SCR Combined Authority.

Members were provided with information regarding work underway to devise a work programme for the Committee, being led by the SCR Scrutiny Officer.

It was noted this work programme would be influenced in part by the increased dissemination of information, and in particular, decisions, emanating from the SCR Combined Authority. This includes the information to be contained within a new 'Forward Plan of Key Decisions' which will be maintained by the Authority and periodically presented to Scrutiny Committee members for information and to facilitate the call-in process (as considered at previous meetings).

It was noted the Committee will be presented with a draft work programme for consideration at its next meeting. This will provide a basis for the addition and prioritisation of further agenda items and the commissioning of reports going forward.

Action: C Marriott to circulate a draft version of the emerging work programme ahead of the next meeting for preliminary comment.

Cllr Steele sought clarity regarding what constitutes a 'Key Decision'.

Action: C Marriott to circulate the draft SCR Key Decisions Policy to provide clarity on this and related matters.

M McCarthy noted every effort would be made to 'manage' what matters make it onto the agenda for future Scrutiny Committee meetings and ensure Members have had sufficient opportunity to contribute to the forward planning process.

The Chair and Vice Chair welcomed the opportunity to commence work on a long list of potential agenda items for initial consideration.

Action: Cllrs Shephard and Jones, with the Scrutiny Officer, to lead the initial collation of a long list of potential work programme items.

CHAIR

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25 January 2018
OVERVIEW & SCRUTINY COMMITTEE

SCR HOUSING FUND

Key Decision? Yes No

If this is a Key Decision, please state which category ...

Expenditure/Saving of +£250k Affects two or more districts

Strategic Priority (tick all relevant boxes)

Business and Innovation Place Research and Innovation
 Skills Transport

Purpose of Report

This paper sets out the purpose of the Sheffield City Region (SCR) Pilot Housing Fund and the processes undertaken in selecting successful schemes. It also outlines the next steps.

Freedom of Information and Schedule 12A of the Local Government Act 1972

The paper will be available under the Combined Authority Publication Scheme

Recommendations

Overview and Scrutiny Committee are asked to:

- *Consider and comment on the approach of the SCR Housing Fund*

1. Introduction

- 1.1** SCR needs to build more homes of all types and tenure; 70,000 new homes are required by 2024 to support economic growth. As a response, in March 2017 the Combined Authority (CA) agreed the establishment of a pilot SCR Housing Fund of up to £8.1m of Local Enterprise Council (LEP) Local Growth Fund (LF).

The principles underlining the creation of a local SCR housing intervention fund included:

- Accelerate and enable the delivery of new housing schemes;
- Build on current momentum, moving the focus of activity from strategy to delivery;
- Progress the SCR devolution commitments on housing, in particular, the elements relating to co-design and co-investment with the Homes and Communities Agency (HCA);
- Providing local certainty and flexibility for investment in housing schemes, with an opportunity to pilot a number of investment approaches and build a pipeline of deliverable schemes; and address gaps in nationally available housing products and programmes.
- Enabling infrastructure investment in housing sites to be prioritised, as well as investment in direct development of new homes.

The SCR Housing Fund was launched on 27 September 2017 and Expressions of Interest (EoI) were invited from public and private sector housing providers, with a submission date of 15 November 2017.

As the SCR Housing Fund draws upon LGF funding, appraisal and assurance is required to comply with the requirements of the SCR Assurance Framework.

In the design of the Fund SCR Officers have engaged with the Homes and Communities Agency (HCA) to align national funding streams alongside the SCR Housing Fund, to avoid any duplication and maximising the monies available for SCR projects.

- 1.2** This paper outlines the progress to date and the impact we hope to secure for the SCR economy.

2. Proposal and justification

- 2.1.1** The launch of the SCR Housing Fund demonstrated a strong demand for housing scheme investment, with SCR receiving 20 Eols, totalling more than £25m, from a range of organisations including Local Authorities, Housing Associations and Developers seeking both loans and grants.

Following the initial assessment of the Eols submitted, 8 projects have been invited to complete a Full Business Case (FBC). A further 10 projects have been placed in a 'pipeline' programme and are able to develop their FBC at risk. The FBC process is due to conclude with bids being submitted to appraisal by 30 March 2018. These schemes will then be assessed in accordance with the Assurance Framework. Following appraisal, successful schemes will progress through governance channels to receive a decision to invest.

- 2.1.2** The CA has agreed a scheme of delegation. Delegated approval sits with a new Housing Fund Governance Board (still in formation) for schemes requesting funds below £2m. The Governance Board will receive schemes for decision following a recommendation by the Appraisal Panel of the Statutory Officers. The Governance Board is to comply with National Governance guidance for LEPs in terms of decision making and transparency, and must include the CA S73 Finance Officer or his delegate and follow the CA Publication Scheme and newly published LEP requirements on management of conflicts.

2.1.3 The objectives of the pilot Housing Fund support the delivery of ‘more and better homes.’

- Pilot a range of flexible investment tools and plug the gaps in nationally available investment (providing a ‘fund of last resort’)
- Test ‘what works’ in the SCR (testing a recoverable funding approach across the programme of schemes)
- Enable and/or accelerate the delivery of new homes

Through the Assurance Process each scheme has been tested against 6 principles; additionality, acceleration, deliverability, flexibility, recoverability and commitment from delivery partner(s).

2.2 What will happen if the activity doesn’t happen?

The SCR Housing Fund complements/plugs the gap in current national investment programmes, unlocking development opportunities and delivering much needed new homes. The initial 8 schemes invited to FBC have the potential to deliver and/or unlock almost 1,500 new homes and early indications are that over 50% of SCR investment made will be recovered and potentially recycled to fund additional schemes.

2.3 Are you satisfied that you can deliver Value For Money?

Yes. The principles of the Housing Fund are set out in original Prospectus (available on request), which will seek to ensure Value for Money.

2.4 Can you explain the research carried out, the intelligence used and the amount of stakeholder (including community) engagement carried out?

The Housing Fund assessment process has been developed in line with DCLG Best Practice Guidance. Engagement with SCR Housing Directors and other housing providers has identified that applications to national housing investment programmes are onerous and the decision-making process lengthy; with no guarantees that funds will be made available in our City Region.

3. Consideration of alternative approaches

3.1 Are other options available and have they been explored?

Do nothing – the alternative would be to continue to rely on the national housing investment programmes. National funding products/initiatives are often significantly over-subscribed and Northern areas in the past have not been as successful in securing funding as other regions, including the South of England. The SCR Housing Fund provides a degree of certainty as funds are available now to support only SCR schemes, with decisions made locally by the CA. As a local fund, we can address market conditions at a SCR level, addressing specific barriers to development in our City Region. The SCR streamlined process is also allowing for faster decision-making than other national housing investment programmes administered by DCLG / HCA.

Do something at a smaller scale – the SCR Housing Fund would have a reduced impact but the work required to administer the scheme would still require dedicated staffing support. The opportunity would be missed to fund good schemes that are identified as ‘ready to go’ and have been assessed positively through initial appraisal.

Preferred Option – Ability to fund good schemes that are identified as ‘ready to go’ and have been assessed positively through initial appraisal.

Do More – Progress all schemes which submitted Eols and meet the identified criteria to FBC. However, this is not realistic within current available funds and would require additional staffing resources.

3.2 **Are you satisfied that you have carried out rigorous analysis of all options?**

Yes

4. **Implications**

4.1 **Financial**

The LEP agreed to the establishment of a pilot SCR Housing Fund of up to £10m. The starting point in relation to any SCR investment from the Housing Fund is that some form of financial return would ideally be required. Any funding recovered will be returned to SCR for future investment, this enables the LEP to consider the use of recycled funds even more flexibly. We envisage that the current prioritised projects will return circa 50% of the available funding for reinvestment in future additional housing schemes.

4.2 **Legal**

Initial State Aid assessments have been undertaken by the applicants and then checked by SCR as part of the robust and comprehensive approach to the initial appraisal; with legal advice taken as required and further clarification sought from the applicant. This will be explored further as part of the FBC and Due Diligence, with the applicant providing a full State Aid assessment which SCR will rely upon, alongside its own legal advice to reach a funding decision.

Standard SCR Contracts will be issued to those applicants who produce a compliant FBC.

4.3 **Risk Management**

Risk 1 – failure of schemes invited to proceed to next stage to produce a compliant FBC in line with agreed milestones

Mitigation of risk – over-programming; a number of ‘pipeline’ schemes invited to develop their FBC at risk to allow schemes to be brought forward should any of the initial schemes fail to produce a compliant FBC.

Risk 2 – capacity of SCR Exec team to support applicants through the FBC process

Mitigation of risk – Dedicated Officer support been put in place within SCR Executive Commissioning Team to deal with the commissioning of the Housing Fund and support applicants in developing schemes.

Risk 3 – Recoverability of funds not achieved at the level originally predicted

Mitigation of risk – A comprehensive Eol Form and robust appraisal process is in place to ensure that the information provided by applicants is realistic. Independent assessments of all Eols have been undertaken independently by the SCR Executive Assurance Team.

4.4 **Equality, Diversity and Social Inclusion (Equality Act - Public Sector Equality Duty)**

The SCR Social Inclusion Framework recognises housing as a central factor contributing to increased levels of inclusion across SCR. Early evidence from the SEP refresh cites that the diversity of the housing offer in the SCR as fundamental to both the growth and inclusion agendas. Schemes supported by the SCR Housing Fund will provide a range of housing types and tenures, including affordable homes for rent and shared ownership.

5. Communications

- 5.1 Information on the SCR Housing Fund was shared with partners and stakeholders via relevant sector groups and Local Authority teams; one to one meetings with interested parties; and via the CA/LEP website and social media.

6. Appendices/Annexes

- 6.1 None

The following section is a legal requirement

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Other sources and references: https://sheffieldcityregion.org.uk/wp-content/uploads/2018/01/Housing-Fund-prospectus.pdf	

For Overview and Scrutiny Use only:

Outcome at OSC meeting:	
Recommendation made:	
Date recommendation report sent to CA:	
Recommendation review date:	
OSC review date:	

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25 January 2018
OVERVIEW & SCRUTINY COMMITTEE

Local Growth Fund Capital Programme Overview

Key Decision? Yes No

If this is a Key Decision, please state which category ...

Expenditure/Saving of +£250k Affects two or more districts

Strategic Priority (tick all relevant boxes)

Business and Innovation Place Research and Innovation
 Skills Transport

Purpose of Report

This paper provides Overview and Scrutiny Committee oversight of the Local Enterprise Partnership (LEP) Local Growth Fund (LGF) Capital Programme. The paper sets out the profile of funding, composition of projects in delivery and development and performance of the capital programme to-date.

Freedom of Information and Schedule 12A of the Local Government Act 1972

A – the paper will be available under the Combined Authority Publication Scheme

Recommendations

Overview and Scrutiny are asked to note the composition of the LGF capital programme and its performance to date.

1. Introduction

- 1.1 The LGF programme is funded by the three growth deals awarded to the city region's LEP. The geography of investment for this programme covers the whole of the region. Activity resourced under this programme supports the delivery of the Strategic Economic Plan (SEP) aspirations and funds are managed by the Combined Authority on behalf of the LEP.
- 1.2 2017/18 marks the mid-point of implementation of the LGF Capital Programme, this paper provides an update on performance of the programme to date, actions taken to address programme slippage during the first three years and a forward plan to completion of delivery.

2. Proposal and justification

2.1 What outcomes, improvement, benefits are expected?

2.1.1 Local Growth Fund profile

The LGF Capital programme is used to support delivery of the Strategic Economic Plan (SEP). All projects delivered using this funding are developed to meet the requirements of the SCR Assurance Framework which provides a systematic approach to testing projects strategic, economic, financial and commercial fit along with the projects ability to deliver to agreed time, cost and quality criteria.

The programme also reports against the regions “retained schemes” these are large scale transport capital projects for which Department of Transport retained oversight and appraisal responsibility. This funding is held separately to the LGF allocations but for consistency in project reporting have always formed a part of the capital programme reporting process.

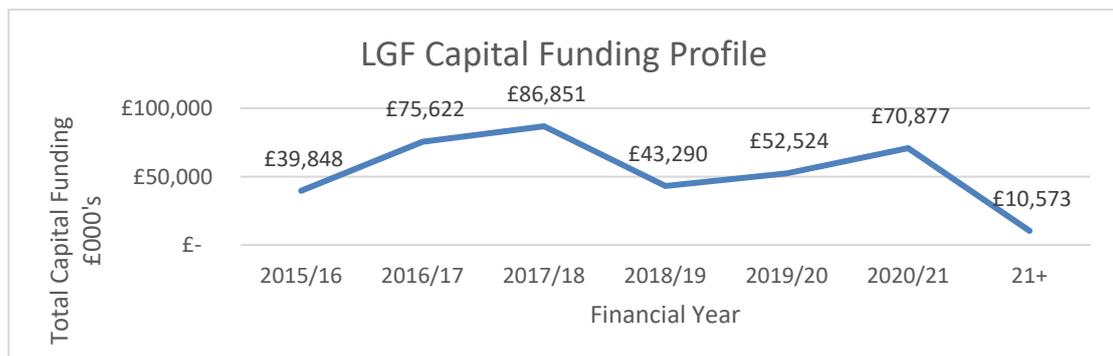
Some of the projects invested in during the first two years of delivery will return some or all of the initial investment for reinvestment in additional projects, the LGF funding allocation is £360m.

During the first year of delivery, SCR successfully achieved a £4m swap of capital allocation for a revenue allocation, this allowed for certainty in developing and delivering 5 year operation of the SCR Growth Hub, as revenue funding this £4m is not included in the profiles below but does form a part of the SCR LGF allocation.

The Funding Profile is represented below;

Funding Allocations	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	21+	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total Capital Funding	£39,848	£75,622	£86,851	£43,290	£52,524	£70,877	£10,573	£379,585

The funding profile shows a sharp increase in 2016/17 and 2017/18 followed by a significant dip in 2018/19 before rising again in 2019/20 and 2020/21. Funding in 2021 is primarily for the DfT retained major scheme.



2.1.2 Project Development, Appraisal and Composition

In line with the requirements of the Assurance Framework, prior to a decision to invest every project completes a series of Business Cases, (strategic, outline and full) each is thoroughly appraised by a team of technical experts, supported where required by appointed consultants. If appraised as investment worthy the CA will consider the scheme and appraisal summary and make the decision to invest on the LEPs behalf.

Projects seeking a change to a project’s approval will also be examined by the SCR Appraisal Panel prior to being presented to the CA for approval.

65% of projects in the current programme with funding allocations reserved have completed the appraisal process and are in delivery phase, 35% remain in development stages.

The LGF allocation is used to fund projects across all of SCR thematic delivery areas (skills, Business Investment Fund, Transport and Infrastructure), a significant majority (69%) of the funding is investment in regional infrastructure.

2.1.3 Programme Performance / Mitigating Actions

2015/16 was the first year of the programme delivery phase and had a slower than planned start. Of the £39.85m available only £21.58m was defrayed in year. In part this

was a result of the SCR insistence that every project in the programme would thoroughly meet the requirements of the assurance of the Appraisal Framework rather than find alternative projects which could spend the funding. The mantra of good spend not quick spend was well received by DCLG and the remaining allocation of £18.27m was permitted to be spent in Q1 of 2017/18.

2016/17 was characterised not only by a sharp increase (90%) in available funding but also the need to complete spend of the 2015/16 allocation. Very early in the year it was clear that the spend target would not be met without mitigating actions. CA approval was sought in August to commission additional projects which could spend within the year. 11 new projects with a combined SCR LGF value of £41.9m were commissioned, developed, appraised, contracted and spend defrayed within the financial year. These additional projects created a modest over programming of £12.9m in later years. 100% of the LGF allocations from 2015/16 and 2016/17 were defrayed by 31st March 2017 as a result of a whole SCR team approach to resolving the potential underspend risk.

2017/18 is characterised by a further increase in available funds in year, including an additional £8.8m allocated by Government in excess of the indicative years funding profile used to set the budget in March 2017. Although at the start of the year a significant proportion of projects with planned spend in year had already received full approved it became clear at Q2 that without intervention there would be a significant underspend at year end, estimated at approximately £23.6m. As there are no new funding streams available to commission new schemes the SCR Local Authorities agreed to review the current programme of works and identify a number of projects which had not yet progressed through the Appraisal Framework to decommit funds which could then be used to allow additional schemes to be commissioned through and open call for projects. Projects decommitting funds have a combined total of £27.927m. Q3 project updates were received on 10th January 2018 and are being processed to understand the impact of any further projects changes and to calculate the likely 2017/18 outturn position. A report the CA in January will therefore provide an update on the Q3 position.

2.2 What will happen if the activity doesn't happen?

Without the LGF Capital programme it would not be possible to support the delivery of the SEP through investment in strategically important projects in all thematic areas. Without mitigating action to manage the LGF spend profile it is likely that funding would be withheld from our LGF allocation and lost to the region.

2.3 Are you satisfied that you can deliver Value For Money?

Yes - Value for Money is a key test for every project seeking investment from SCR LGF.

2.4 Can you explain the research carried out, the intelligence used and the amount of stakeholder (including community) engagement carried out?

Every project is required to ensure that not only have all statutory consultations been undertaken but also that suitable stakeholder engagement has and is being carried out. This varies on a project by project basis and for simple projects can be small scale stakeholder engagement.

3. Consideration of alternative approaches

3.1 Are other options available and have they been explored?

Alternative schemes are considered each time a scheme call is published, without exception each scheme call has provided a potential pipeline which significantly exceeds the available resource. This allows for a balanced scorecard approach to be used to assess the projects ability to satisfy the case project cases. Those projects meeting thresholds and with the best ranking are then invited to progress to the next stage of development.

- 3.2 Are you satisfied that you have carried out rigorous analysis of all options?**
 Yes – every project is thoroughly scrutinised prior to being recommended for approval and the programme is reviewed regularly and included in quarterly monitoring reports scrutinised by the Combined Authority.

4. Implications

4.1 Financial

LGF is government funding awarded to the LEP it is based upon annual allocations and therefore achieving in year spend is crucial.

4.2 Legal

Legal implications of each projects are fully considered during the appraisal process.

4.3 Risk Management – Are there any risks associated with implementing the preferred option? If so, how do you plan to manage these risks?

The are many and varied risks relating to the delivery of a complex capital program, each individual project risk is tested and monitored during the life of development and delivery, programme risks are considered as part of the quarterly monitoring process.

4.4 Equality, Diversity and Social Inclusion (Equality Act - Public Sector Equality Duty)

There are no specific diversity and social inclusion issues as a result of this report, each project is scrutinised during appraisal to identify any specific concerns to be addressed.

5. Communications

- 5.1** All schemes are included as part of the SCR planned communications. Profile of LEP investment is a key requirement of the contract and of Government.

6. Appendices/Annexes

- 6.1** None

The following section is a legal requirement

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield, S1 2BQ	
Other sources and references: Strategic Economic Plan (SEP). ¹ / SCR Assurance Framework ²	

For Overview and Scrutiny Use only:

Outcome at OSC meeting:	
Recommendation made:	
Date recommendation report sent to CA:	
Recommendation review date:	
OSC review date:	

¹ <http://sheffieldcityregion.org.uk/wp-content/uploads/2014/03/SCR-Growth-Plan-March-2014.pdf>

² <https://sheffieldcityregion.org.uk/wp-content/uploads/2017/03/SCR-AAF-28.2.17.pdf>

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**25th January 2018
OVERVIEW & SCRUTINY COMMITTEE**

**PREPARING FOR THE CURRENT POSITION OF A SHEFFIELD CITY REGION
MAYORAL ELECTION**

Key Decision? Yes No

If this is a Key Decision, please state which category ...

Expenditure/Saving of +£250k Affects two or more districts

Strategic Priority (tick all relevant boxes)

Business and Innovation Place Research and Innovation
 Skills Transport

Purpose of Report

With an election date presently set in legislation for the 3rd of May 2018 the SCR Combined Authority (CA) now has a legal duty to prepare, including through the appointment of a Combined Authority Returning Officer (CARO). The CARO is personally responsible for the conduct of the election and must plan and prepare on the basis of the current legal position. In undertaking the preparatory work for this election is not intended to imply a settled policy position within the CA over the issue of the Mayoral election. It continues to be the case that the constituent members of the CA are divided between those who wish the election to go ahead and those who do not. The CARO is nevertheless required to plan and prepare for an election so long as this remains the legal position. Should the election be deferred then the CARO would act accordingly. This report seeks to provide an update to Committee members on the preparatory work undertaken in relation to the election.

Freedom of Information and Schedule 12A of the Local Government Act 1972

Under the Freedom of Information Act this paper will be made available under the Combined Authority Publication Scheme.

Recommendations

To note the preparatory work underway for the Sheffield City Region Mayoral Combined Authority election on 3rd May 2018.

1. Introduction

- 1.1** The office of the Sheffield City Region (SCR) metro mayor has been established in legislation through the Barnsley, Doncaster, Rotherham and Sheffield Combined Authority (Election of Mayor) Order 2016. Through a further order in 2017 the date for the first election of this post was amended from May 2017 to May 2018, with the length of the first term also extended from three to four years.
- 1.2** As this election date for the metro mayor has been set in law, the SCR Combined Authority (CA) is required to prepare for this election. The legislation regarding the completion and conduct of this election is set out through the Combined Authorities (Mayoral Elections) Order 2017. This order specifies that a Combined Authority Returning Officer (CARO) must be appointed to assume overall responsibility for the running of the election. In addition, each authority within the election area is required to appoint a Local Returning Officer (LRO) who is responsible for administering the election at a local level
- 1.3** Combined authority mayoral elections are classified as local elections. In terms of the conduct of the organisation, if there are more than two candidates, the election is held under the supplementary vote system (SV). This system is also used at the Police and Crime Commissioner (PCC) elections and local authority mayoral elections, such as in Doncaster. In addition, in common with local authority mayoral elections, the CARO is required to produce a candidate address booklet that is distributed all registered voters in the constituent councils of the Combined Authority.

2. Proposal and justification

2.1 What outcomes, improvement, benefits are expected?

- 2.1.1** At its meeting on the 30th October the Combined Authority agreed to appoint its Head of Paid Service, Dr Dave Smith, as the CARO in respect of the Sheffield City Region Combined Authority Mayoral election. In assisting to manage the overall costs of the election and consistent with local practice in local elections, it was agreed as part of the appointment process that the CARO did not attract a fee for the conduct of the election. In parallel, it has also been agreed that LROs will not attract a fee.
- 2.1.2** In law, the CARO is personally and independently responsible for the conduct of the election including the planning and preparation consistent with election law and Electoral Commission guidance. Such planning and preparation cannot be undertaken corporately or by officers other than led and directed by the nominated CARO. The appointment of the CARO was therefore required in October to provide sufficient time for the CARO to safely plan and to make all the necessary arrangements for the election with the minimum of risk.

2.1.3 Now appointed, the CARO is initiating the necessary preparatory work for the election. This includes the development of a detailed project plan, which is being developed in conjunction with election managers from across the four authorities. Key milestones within the election – as defined through the relevant legislation are:

- Notice of election will be published on the 27th March;
- Nominations will open on the 28th March;
- Nominations will close on the 6th April;
- The mayoral address booklet will be posted to all on the electoral roll from the 13th April;
- Voter registration for the election will close on the 17th April;
- The mayoral election will take place on the 3rd May;
- The count of the votes cast in the election will take place on the 4th May; and
- The Mayor will assume office on the 4th day after the election, Monday the 7th May.

2.1.4 In seeking the decision to appoint the CARO it was not intended to imply a settled policy position within the CA over the issue of the Mayoral election. Neither therefore does the appointment of a CARO and subsequent preparatory work establish such position. It continues to be the case that the constituent members of the CA are divided between those who wish the election to go ahead and those who do not.

2.2 What will happen if the activity doesn't happen?

As the election is established in law the CA must fulfil its legal obligations and prepare for the election. The appointment of the CARO was the first step in this process. The CARO needed to be appointed formally in order to have the assurance of being able to secure reimbursement from the Combined Authority for expenditure necessarily undertaken as provided for in the Representation of the People Act 1983 in the absence of which they would be personally liable.

2.3 Are you satisfied that you can deliver Value For Money?

Yes - The CARO will project plan the election incurring cost only when necessary, having regard to the unsettled policy position of the CA as well as the current legal position over the election.

2.4 Can you explain the research carried out, the intelligence used and the amount of stakeholder (including community) engagement carried out?

The preparatory work for the election is being informed by legislation and guidance from the Electoral Commission. The project plan is being developed in conjunction with the four constituent local authorities. Additionally, the SCR Executive has sought to engage with those areas that undertook CA mayoral elections in 2017 to share intelligence and learn from their best practice.

3. Consideration of alternative approaches

3.1 Are other options available and have they been explored?

As the election is established in law, there are no other options than to ensure that the CA fulfils its legal obligations to appoint a CARO and subsequently prepare for the election.

- 3.2 Are you satisfied that you have carried out rigorous analysis of all options?**
Yes

4. Implications

4.1 Financial

The Department for Communities and Local Government has stated that there will be no grant funding for the costs of the election, which will therefore be met by the CA, as provided for by the regulations. These place a legal duty on the CA to ensure that a reasonable budget is in place for the CARO to conduct the election.

The budget for the election is currently being prepared to meet reasonable costs utilising a range of information sources including cost information from the last South Yorkshire PCC election and costs incurred by other mayoral combined authorities for the elections held in 2017. The latest estimates on this currently indicate that this is likely to cost around £1.9m.

4.2 Legal

The Combined Authority has a legal responsibility to ensure it undertakes the election appropriately. This is on the basis set out within the Combined Authorities (Mayoral Elections) Order 2017. The appointment of a CARO to be able to undertake the necessary preparation forms part of the CA's legal responsibilities.

4.3 Risk Management – Are there any risks associated with implementing the preferred option? If so, how do you plan to manage these risks?

As with any election process, the risk of error and mismanagement is substantially reduced by proper and effective planning. In circumstances where the type of election is new or substantially influenced by other factors, including contentious political issues, then this increases the need for planning and preparation by the CARO.

4.4 Equality, Diversity and Social Inclusion ([Equality Act - Public Sector Equality Duty](#))

None as a result of this report.

5. Communications

- 5.1** In accordance with Electoral Commission guidance a communications plan is being developed to support the delivery of the SCR Mayoral election. This plan will support the CARO in effectively liaising with and coordinating the work of LROs to ensure the consistent delivery of the poll across the combined authority area, and with managing stakeholder coordination and communication, including media liaison.

6. Appendices/Annexes

- 6.1** Not applicable

The following section is a legal requirement

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Background papers used in the preparation of this report are available for inspection at:
11 Broad Street West, Sheffield, S1 2BQ

Other sources and references:
None.

For Overview and Scrutiny Use only:

Outcome at OSC meeting:	
Recommendation made:	
Date recommendation report sent to CA:	
Recommendation review date:	
OSC review date:	

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