

Wednesday, 20th December 2023

To: Members of the Mayoral Combined Authority Board and Appropriate Officers

NOTICE OF MEETING

You are hereby summoned to a meeting of the South Yorkshire Mayoral Combined Authority to be held at **South Yorkshire Mayoral Combined Authority, 11 Broad Street West, Sheffield S1 2BQ**, on: **Tuesday, 9 January 2024 at 1.00 pm** for the purpose of transacting the business set out in the agenda.



Martin Swales
Chief Executive and Head of Paid Service

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Member Distribution

Mayor Oliver Coppard (Chair)	South Yorkshire Mayoral Combined Authority
Councillor Sir Steve Houghton CBE	Barnsley MBC
Councillor Tom Hunt	Sheffield City Council
Mayor Ros Jones CBE	City of Doncaster Council
Councillor Chris Read	Rotherham MBC
Councillor Robin Franklin	Barnsley MBC (Rotational Member)
Councillor Ben Miskell	Sheffield City Council (Rotational Member)
Councillor Nigel Barker	North East Derbyshire District Council (Non-Constituent)
Councillor Steve Fritchley	Bolsover DC (Non-Constituent)
Councillor Tricia Gilby	Chesterfield BC (Non- Constituent)
Councillor James Naish	Bassetlaw DC (Non- Constituent)
Councillor Simon Ripton	Derbyshire Dales District Council (Non-Constituent)



Agenda

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1.	Welcome and Apologies	Chair	
2.	Announcements	Chair	
3.	Urgent Items To determine whether there are any additional items of business which by reason of special circumstances the Chair is of the opinion should be considered at the meeting; the reason(s) for such urgency to be stated.	Chair	
4.	Items to be Considered in the Absence of Public and Press To identify where resolutions may be moved to exclude the public and press. (For items marked * the public and press may be excluded from the meeting.)	Chair	
5.	Declarations of Interest by individual Members in relation to any item of business on the agenda	Chair	
6.	Reports from and questions by members	Chair	
7.	Receipt of Petitions	Chair	
8.	Public Questions	Chair	
9.	Minutes of the meeting held on 14th November 2023	Chair	5 - 12
Governance			
10.	Assurance Framework Review	Gareth Sutton	13 - 18
Policy Items			
11.	Supertram Business Plan 2024/5	Portfolio Leader: Mayor Coppard Chief Executive: Martin Swales Author: Pat Beijer	19 - 52

12.	Institutional Investment South Yorkshire Pension Authority	Portfolio Leader: Mayor Jones Chief Executive: Sharon Kemp Author: Colin Blackburn	53 - 64
13.	Homes England Strategic Place Partnership	Portfolio Leader: Mayor Jones Chief Executive: Sharon Kemp Author: Colin Blackburn	65 - 76
Corporate Business			
14.	Budget and Business Plan Development 2024/25	Gareth Sutton	77 - 88
15.	Programme Approvals	Gareth Sutton	89 - 104
16.	Delegated Authority Report	Martin Swales	105 - 108

Date of next meeting: Tuesday, 13 February 2024 at 9.00 am

At: South Yorkshire Mayoral Combined Authority, 11 Broad Street West, Sheffield S1 2BQ

MAYORAL COMBINED AUTHORITY BOARD

MINUTES OF THE MEETING HELD ON:

TUESDAY, 14 NOVEMBER 2023 AT 1.00 PM

**SOUTH YORKSHIRE MAYORAL COMBINED AUTHORITY, 11
BROAD STREET WEST, SHEFFIELD S1 2BQ**



Present:

Mayor Oliver Coppard (Chair)	South Yorkshire Mayoral Combined Authority
Councillor Sir Steve Houghton CBE	Barnsley MBC
Councillor Tom Hunt	Sheffield City Council
Mayor Ros Jones CBE	City of Doncaster Council
Councillor Chris Read	Rotherham MBC

In Attendance:

Martin Swales	Chief Executive and Head of Paid Service	SYMCA Executive Team
Steve Davenport	Director of Law and Governance	SYMCA Executive Team
Gareth Sutton	Executive Director of Resources & Investment	SYMCA Executive Team
Pat Beijer	Executive Director of Transport (Acting)	SYMCA Executive Team
Tom Bousfield	Corporate Director Growth, Business & Skills	SYMCA Executive Team
Colin Blackburn	Assistant Director - Housing, Infrastructure and Planning	SYMCA Executive Team
Andy Gates	Assistant Director - External Affairs	SYMCA Executive Team
Paul Johnson	Head of Economic Policy	SYMCA Executive Team
Kate Josephs	Chief Executive, Sheffield City Council	Sheffield City Council
Sharon Kemp	Chief Executive, Rotherham MBC	Rotherham MBC
Sarah Norman	Chief Executive, Barnsley MBC	Barnsley MBC

165 Welcome and Apologies

The Chair, welcomed attendees to the meeting and apologies were noted as above.

166 Announcements

The Mayor noted the Government's plans to cancel the Western Leg of HS2 and to launch a new "Network North" programme in its place.

He expressed his disappointment at the decision, but welcomed the opportunity to engage with the Government on how 'Network North' would operate.

167 **Urgent Items**

None.

168 **Items to be Considered in the Absence of Public and Press**

None.

169 **Voting Rights for Non-constituent Members**

None.

170 **Declarations of Interest by individual Members in relation to any item of business on the agenda**

None.

171 **Reports from and questions by members**

None.

172 **Receipt of Petitions**

None.

173 **Public Questions**

None.

174 **Minutes of the meeting held on 12 September**

RESOLVED that the minutes of the meeting held on 12 September 2023 be agreed as a true and accurate record

175 **Business Advisory Board Appointments**

The Board received a report seeking appointments to the Business Advisory Board.

RESOLVED that the Board:

1) Approve the following appointees to the Business Advisory Board:

- a) Sherry Kothari (Plasma-4)
- b) Tariq Shah (Vigo Group)
- c) Roz Davies (Green Estate)

- d) David Cross (Sky-House)
- e) Richard Gould (Metlase)
- f) Ken Perritt (GXO Logistics)

Support the intention to further broaden business representation on the Board by inviting a representative member of the CBI (Yorkshire and Humber) onto the Business Advisory Board.

176 **Transfer of Police and Crime Commissioner Functions - Consent to Order**

The Board received a report seeking explicit consent to the laying of a parliamentary order that will affect that transfer of Police and Crime Commissioner functions to the Mayor.

It was noted that a draft of the formal order had been received from Government for comment, and consent was currently being sought through each Local Authority's decision-making structures.

The order called for the transfer of powers from 8th May 2024, and was expected to be laid in Parliament on 7th December.

RESOLVED that the Board:-

1. Formally endorse the proposals to transfer the Police and Crime Commissioner functions to the Mayor with effect from May 2024 and to the reduction in the present mayoral term to align with the PCC election cycle of May 2024; and

Agree for the Head of Paid Service to consent on behalf of the MCA to the order required to facilitate the transfer of PCC functions to the Mayor.

177 **Economic Update**

The Board received a verbal Economic Update presentation. It noted that **nationally**:

- There had been neither economic growth nor decline in Q3,
- Surveying had shown that business confidence had been falling in recent months, but that the average in South Yorkshire was slightly higher,
- Businesses were beginning to see the impact of loans taken during Covid which were now impacting their growth,
- There had been a reduction of 4% in business investment,
- There had been a reduction in permanent employment appointments in favour of temporary appointments.

Specifically in **South Yorkshire**, it was noted that:

- There were high concentrations of tradeable jobs across the region, that is, jobs which produce goods and services which can be traded outside of the region. It was noted that better supply chains could spread these roles more evenly across the region.

The Board noted the importance of the South Yorkshire Investment Zone to bringing the public and private sectors together to generate investment in the region.

RESOLVED to note the update.

178 **Storm Babet Flood Impacts and Joint Regional Response**

The Board received a report on the impacts of the recent Storm Babet.

It noted that during the storm over 240 properties in South Yorkshire had been flooded, and local transport networks had also been impacted.

The report highlighted existing partnership working to reduce flood risk as well as the need to secure additional funding from Government to accelerate and deliver capital flood alleviation schemes across South Yorkshire.

The Mayor had written to the Secretary of State to seek further funding and engagement from Government to prevent future flooding in the region.

The Board expressed their sincere sympathies with the communities affected by flooding. They recognised that this issue would only continue to worsen if action was not taken, and that at present there was a significant funding gap in South Yorkshire.

The Board also noted lack of advanced warning from the Environment Agency in flooding situations, the lack of a catchment system for flood support, and the additional risk of flooding created by moorland burning.

The Mayor suggested that the Board consider an update on flooding in 6 months' time.

RESOLVED that The Board:

1. Note the detailed impact of Storm Babet on communities within South Yorkshire.
2. Welcome the Mayor's letter to the Secretary of State for Environment, Food and Rural Affairs on behalf of the MCA Board, to request further funding support to accelerate the delivery of flood defences, flood mitigation and resilience schemes across South Yorkshire.
3. Note that the Mayor has also requested a round table with the SoS to press the need for action to address the above matters.

179 **Devolution**

The Board received a report on a future devolution deal for South Yorkshire. It was anticipated that in the Chancellor's Autumn Statement, MCAs would be invited to work towards new devolution deals.

However, it was noted that at present new devolved powers were likely to be limited, and the report therefore sought approval of some guiding principles which would underpin work towards further devolution in South Yorkshire.

The Mayor stated his hope that future devolution would not lead to a multi-teared system of Combined Authorities, and that all settlements should include business rate retention and single settlements.

It was noted that under previous devolution consultations, the public had been overwhelmingly in support of local leaders having more power.

RESOLVED that the Board:

1. Note the potential for further devolution and Government's intention to extend trailblazer powers to other MCAs.
2. Support proactive engagement with Government in the coming months.

Note that any decision to complete a formal devolution process will require the consent of each Constituent Council.

180 **Submission of the Mass Transit Outline Business Case (OBC) to DfT**

The Board received a report on the tram asset renewal Outline Business Case (also referred to as the Mass Transit OBC) for submission to the Department for Transport (DfT).

The report highlighted that there would be engagement with Local Authority Transport Officers in drafting the business case ahead of submission in early 2024.

The purpose of the business case was to release £100m of City Region Sustainable Transport Settlement (CRSTS) funding already allocated to the renewal of tram network assets, as well as a request for release of further funding relating to the full cost of tram asset renewal.

The Board welcomed this work and alongside it ongoing work towards Tram Vision for the future.

RESOLVED that the Board approve the following:

1. Delegate authority to the MCA's Acting Executive Director of Transport and the Section 73 Officer (Executive Director Resources and Investment), in consultation with the MCA Chief Executive and the Mayor of South Yorkshire, to submit the completed tram asset renewal (Mass Transit) OBC to the DfT upon conclusion of the final review stages (estimated January 2024).
2. To engage with Local Authority Transport Officers in the detailed review of the Mass Transit OBC to support the finalisation of documentation, ahead of submission to DfT by the January 2024 target date.

181 **Statement of Common Ground**

The Board received a report on a Joint Regional Statement of Common Ground, which noted that Local Authorities preparing local plans are under a statutory "Duty to Cooperate" with other relevant bodies to encourage and enable strategic planning across local authority boundaries.

The Statement was progressing for approval at all 9 Local Planning Authorities: Barnsley, Doncaster, Rotherham, Sheffield, Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales, and NE Derbyshire.

RESOLVED the Board is asked to: Endorse the updated Joint Regional Statement of Common Ground and agree to be a signatory.

182 **Brownfield Housing Fund Open Call**

The Board received a report seeking approval to carry out a further Open Call for Brownfield Housing schemes which will remain open.

Mayor Jones introduced the item and noted that the Brownfield Housing Programme was delivering well so far, but that £70m remained available, and must be spent by March 2025.

Therefore, approval was sought to proceed to a rolling open call for Brownfield Housing schemes. It was noted that dialogue with Local Authorities, Housing Associations and private developers was ongoing, and that any further interest was encouraged.

RESOLVED that the Board:

1. Agree to a rolling open call process to ensure the development of a robust pipeline of brownfield sites for both the current programme and any future housing funded programme.
2. Allow additional pipeline projects onto the current programme following the MCA Assurance Process, with initial schemes being:
 - Canon Brewery Phase 2
 - The Hive
 - Laurel Works
 - Rotherham Priority Sites
 - Newstead Older Persons Independent Living

183 **Finance Update Quarter 2**

The Board received a report which:

1. Provided an update on the Authority's budget position after first 6 months of the year,
2. Sought award of funding to the Sheffield Fargate Future High Streets Scheme,
3. Sought approval of the disposal of land and buildings at Sheffield Halfway.

RESOLVED that the Board:

1. Approve the revised budget estimates;
2. Approve the set aside of windfall treasury management income to meet the costs of the May 2024 election and Office for Police and Crime Commissioner (OPCC) integration and additional MCA Officer capacity;
3. Approve the set aside of £4m of forecast windfall treasury management income to the Capacity and Capability Reserve;
4. Note the potential for up to £4m further treasury management income

- available for investment into MCA priorities;
5. Approve the Programme Approvals report recommendations set out in Appendix iii; and,
 6. Delegate authority to the statutory officers to make arrangements for the disposal by sale or lease of the Ashes Building site in the most efficient and effective manner possible.

184 **Statutory Accounts 21/22**

The Board received the Statutory Accounts for the financial year 2021/22, which included an unqualified opinion on both the MCA and South Yorkshire Passenger Transport Executive (SYLTE) accounts, and found no matters for concern regarding value for money.

RESOLVED that the Board:
Approve the Annual Statement of Accounts for both the MCA and SYLTE.

185 **Delegated Authority Report**

The Board was provided with details of decisions and delegations made by under the Officer Scheme of Delegation since the previous meeting.

RESOLVED that the decisions and delegations made under delegated authority up to November be noted.

I, the undersigned, confirm that this is a true and accurate record of the meeting.

Signed

Name

Position

Date

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Mayoral Combined Authority Board

Tuesday, 09 January 2024

Assurance Framework Review

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Governance
Is this a Key Decision?	No
Has it been included on the Forward Plan of Key Decisions?	Not a Key Decision

Director Approving Submission of the Report:
Gareth Sutton, Executive Director Resources & Investment

Report Author(s):
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Executive Summary

Each year the MCA is required to review, update and publish its Assurance Framework to outline the robust, transparent and effective governance arrangements that are in place ahead of the next financial year. Three Government spending departments need to consider and approve the Assurance Framework.

In addition, the MCA is required to produce and publish a Monitoring and Evaluation Framework alongside the Assurance Framework, to outline how projects and programmes funded with devolved and awarded monies will be robustly monitored and evaluated. This also requires Government approval.

This report summarises the feedback received from local authority and SYMCA officers on the MCA's current assurance processes during the annual review. It also identifies the key changes that will be applied to the 2024 Assurance Framework, which will be presented to the MCA Board for endorsement in March.

What does this mean for businesses, people and places in South Yorkshire?

The Assurance Framework outlines in detail how the MCA makes decisions and invests public money to develop and grow South Yorkshire's economy and support its people, businesses and places.

Recommendations

MCA Board Members are invited to input any views or recommendations on improvements that can be made to the assurance process or current Assurance Framework.

Consideration by any other Board, Committee, Assurance or Advisory Panel

Audit, Standards and Risk Committee

13 December 2023

1. Background

1.1 Each year the MCA is required by Government to review, update and publish its Assurance Framework by the 31 March. The Assurance Framework sets out how the MCA will use public money responsibly, make robust decisions, achieve best value for money and act in an open and transparent manner. It explains the governance structures in place for making decisions, outlines the policies and procedures that support decision-making, and summarises how investments and interventions are appraised, approved, published and managed.

1.2 The Government requires MCAs with devolution deals to specify in their Assurance Framework, how all devolved and awarded monies and powers, including Gainshare, the Adult Education Budget (AEB), the City Region Sustainable Transport Settlement (CRSTS) will be administered. Three Government departments - the Department for Levelling Up, Housing and Communities (DLUHC), the Department for Transport (DfT) and the Department for Education (DfE) - must also approve the Assurance Frameworks of all MCAs with devolution deals. The Assurance Framework must be written in accordance with the new English Devolution Accountability Framework (issued in March 2023) and the HM Treasury Green Book (updated in October 2023).

1.3 The Government also requires MCAs with devolution deals to produce and publish an accompanying Monitoring and Evaluation Framework to detail how projects and programmes funded through devolved and awarded funding will be monitored and evaluated.

2. Key Issues

2.1 This year's annual review on assurance has focused on the changes made in 2022/23 to improve the efficiency of the process from Business Case development through to appraisal, funding decision and contracting. Ten workshops were held in November and early December with officers from each of the four local authorities and SYMCA staff to obtain feedback on the changes made to the 2023 Assurance Framework and assurance process. The workshops have also been used to gather suggestions on further changes that can be made to remove any other remaining barriers or to further improve the process.

2.3

The key changes made to the assurance process in 2022/23 are listed below:

- **Introduction of business partner approach** – a named contact in SYMCAs Programme Management Office (PMO) that provides advice and guidance through the Business Case development process acts as a critical friend. Projects also have a named business partner contact in SYMCAs Funding, Monitoring and Reporting team earlier in the process.
- **Flexibility for local authorities to use their own forms and internal assurance processes** - to appraise, approve and evidence assurance of Strategic Business Cases. Local authorities are still able to use the SYMCA Strategic Business Case template and seek assurance through SYMCA if they prefer.
- **Development costs paid upfront in one instalment** – up to 14% of the total project cost can be paid on approval of the Strategic Business Case to support project and business case development costs. The payment of development costs was previously split into three payments.
- **Ability to access consultancy support at discounted rates for project or Business Case development** - through SYMCA's Appraisal, Investment and Evaluation Framework. This can provide additional specialist resource to local authorities to help them scope or design projects or to write sections of a Business Case.
- **Introduction of a single MCA decision point** – the MCA Board provides the only investment decision at Outline Business Case stage where project approval can be given in principle pending submission of a satisfactory Full Business Case. The MCA Board gives delegated authority to the SYMCA Programme Board to approve Full Business Cases.
- **Introduction of the SYMCA Programme Board** – the Programme Board includes the Statutory Officers and senior managers. It meets every two weeks to ensure that recommendations on Strategic Business Cases and Full Business Cases can be made efficiently with Portfolio leads briefed.
- **Publication of Key Decisions on a rolling basis** – previously key decisions were published a minimum of 28 days prior to a Thematic or MCA Board meeting. Key Decisions are now published on a rolling basis as the decisions are made to improve transparency.
- **Streamlined Change Control process** – only major changes, such as significant changes to project scope, profiled outputs, outcomes, milestones, match funding or a need for additional MCA investment are presented to the MCA Board for approval. All minor changes are now dealt with by the Funding, Monitoring and Reporting Team in conjunction with the Programme Board.
- **Prior notice of Draft funding agreement clauses** – conversations are held with project applicants early in the process on any specific clauses or conditions that will be included in the final Funding Agreement for complex projects.

2.4

SYMCAs Business Case templates have all recently been reviewed and updated in line with feedback received with the intention of making them easier to complete by project applicants. Questions which were not essential to the appraisal have been removed and tables have been refined. A set of Guidance Notes have also been prepared for the templates to assist project applicants in completing each one. The new Business Case templates are able to be used immediately.

2.5

Which aspects of the assurance process are working well?

Local authority officers have been complimentary about the new business partner approach, and ongoing support from the PMO specifically, particularly on complex projects as this has enabled projects to progress to funding decision much more easily.

The ability to draw down up to 14% of funding in one payment for development costs has also been welcomed and has eased pressure on SYMCAs Funding, Monitoring and Reporting Team.

Amendments to the Change Control process has also enabled local authorities to obtain swifter agreement on minor changes to projects without needing to wait for Board approval.

2.5

What are the barriers or issues that need to be resolved?

All local authorities have reported staff recruitment and resource as an issue, citing difficulties in recruiting experienced and skilled staff to develop projects or to undertake key tasks on projects such as writing elements of the Business Case or transport modelling. This is a nationwide problem with existing skilled staff retiring or moving to other authorities and a lack of new entrants into economic development, planning, housing or transport jobs. Further consideration is therefore required on how the MCA and the local authorities can work with educational institutions to encourage more people to study or train for careers in local and regional Government such as careers information and/or careers fairs, Graduate Placement programmes or bursaries.

There is a need for the SYMCA assurance process and the assurance processes of each local authority to be better aligned. This relates to when funding decisions need to be taken by Boards and Cabinets at each stage of the process. It is essential that Directors of Finance and Cabinets are provided with the assurance to enable a funding decision to be taken on business Case submission and grant acceptance. However, there are either some delays in the decision-making process or local authorities are not given sufficient confidence that procurement can commence with low risk to the authority.

2.5

The next steps for the annual assurance review are:

1. Draft the 2024 Assurance Framework for presentation and endorsement at the 12 March MCA Board meeting based on all feedback and input received.
2. Submit the draft 2024 Assurance Framework for comment and Ministerial sign-off to DLUHC, DfT and DfE.
3. Publish the 2024 Assurance Framework and Monitoring and Evaluation Framework on the SYMCA website in draft form on 31 March 2024.

3.

Options Considered and Recommended Proposal

3.1

Without an agreed Assurance Framework and Monitoring and Evaluation Framework, the MCA will be in breach of its statutory responsibilities and devolved

funding would be at risk. Therefore, there is only a single option to update and submit the frameworks.

4. Consultation on Proposal

4.1 The 2024 Assurance Framework is being drafted to take account of the changes and suggestions identified through the consultative workshops. Further workshops will be held in January and February with local authority officers and SYMCA staff on the new Business Case templates, any to explain any further changes to the assurance process from 1 April 2024.

5. Timetable and Accountability for Implementing this Decision

5.1 Subject to endorsement by the MCA Board on 12 March, the updated draft frameworks will be submitted to the three Government departments for Ministerial approval and sign-off and will be adopted by the MCA from 1 April 2024.

5.2 The draft Assurance Framework, and updated Monitoring and Evaluation Framework will be published on the SYMCA website on 31 March 2024.

6. Financial and Procurement Implications and Advice

6.1 The MCA is required to demonstrate compliance with national guidance in order to receive devolved and awarded funding. The release of Gainshare funding is dependent on the Government's approval of the Assurance Framework.

7. Legal Implications and Advice

7.1 The Assurance Framework outlines the legal duties of the MCA and the policies and procedures that ensure the MCA and LEP make decisions through a legally compliant, robust and transparent process. This includes referencing the responsibilities of the Section 73 Officer, the purpose of internal and external audit, the role of the Overview and Scrutiny Committee and the project appraisal process.

8. Human Resources Implications and Advice

8.1 Not applicable

9. Equality and Diversity Implications and Advice

9.1 The Assurance Framework outlines the MCA's commitment to equality and diversity.

10. Climate Change Implications and Advice

10.1 Not applicable

11. Information and Communication Technology Implications and Advice

11.1 Not applicable

12. Communications and Marketing Implications and Advice

- 12.1 The MCA is obliged to publish information on the decisions that are being made, particularly on investments, in an open and transparent way. The MCA has always taken the approach of publishing as much information as possible on the website so that it is accessible. This includes the publication of the Forward Plan of Key Decisions, meeting papers and financial and project performance information.

List of Appendices Included:

None

Background Papers

None



Mayoral Combined Authority Board

Tuesday, 09 January 2024

Supertram Business Plan

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Monitoring/Assurance
Is this a Key Decision?	No
Has it been included on the Forward Plan of Key Decisions?	Not a Key Decision

Director Approving Submission of the Report:
 Pat Beijer, Executive Director of Transport (Acting)
pat.beijer@southyorkshire-ca.gov.uk

Report Author(s):
 Pat Beijer, Executive Director of Transport (Acting)
pat.beijer@southyorkshire-ca.gov.uk

Executive Summary

From 22 March 2024, South Yorkshire Supertram will be operated as an arm's length wholly-owned subsidiary of the MCA, registered as South Yorkshire Future Trams Limited (SYFTL).

To support and oversee the performance of SYFTL, a Business Plan has been developed for 2024/25. SYFTL's operating performance against this plan will be continuously monitored. The Business Plan will be updated annually, in line with the MCA budget setting cycle, and approved by the MCA Board.

This paper is seeking the MCA's endorsement of the Supertram Business Plan 2024/25, which is attached as Appendix A.

What does this mean for businesses, people and places in South Yorkshire?

The Supertram Business Plan means that the Supertram operations can be overseen effectively and dynamically by the MCA, with a view to confirming regulatory compliance and

continuous improvements in customer, people, operational and financial performance to assure a safe and sustainable tram service in South Yorkshire.

Recommendations

That MCA Board:

1. **Endorses** the South Yorkshire Supertram Business Plan, which is attached as Appendix A
2. **Notes** that the South Yorkshire Supertram Business Plan has informed the MCA's 2024/25 budget allocation to subsidise the first year of SYFTL's operation.
3. **Notes** that the Business Plan will be reviewed annually by the SYFTL Board in line with the MCA's budget planning cycle and will be approved by the MCA Board.

Consideration by any other Board, Committee, Assurance or Advisory Panel

None

1. Background

- 1.1 In 1997, the MCA (SYPTTE at the time), let a concession agreement for the operation of South Yorkshire's Supertram Limited to Stagecoach Holding plc for a term of around 27 years.

The MCA decided that upon expiry of Stagecoach's concession agreement, South Yorkshire's Supertram would be operated by the MCA under an arm's length, wholly-owned subsidiary.

To inform this decision, significant background work was undertaken, including consideration of the following:

- Market testing to assess the interest of private sector operators;
- Legal evaluation of all operating model options, including whether the existing agreement could be extended;
- Financial risk transfer; the MCA's limited access to operator data under the existing concession agreement to inform a robust procurement specification would result in bidders pricing in significant risk;
- Financial risk transfer: the pending significant tram asset renewal programme has demand and operational implications and with the detail of the works programme still evolving, the impacts on a private sector operator would have to contractually be negotiated via a change mechanism. Going through the legal and financial negotiations of multiple contractual changes would be costly, would leave the MCA exposed to financial risks and would distract from core delivery;
- Financial risk transfer: a private sector operator post-Covid would look to transfer all revenue risk to the MCA and charge a margin on the cost of operation.

1.2 To facilitate the transfer of the tram operations from private sector operation to an arm's length wholly-owned subsidiary, the MCA has established a mobilisation team and developed a programme of mobilisation activities with the core aims of:

- Achieving a seamless transition on 22 March 2024
- Setting the future operating company up for success

The mobilisation activities to transition the Supertram operations to an arm's length wholly owned subsidiary, incorporated as South Yorkshire Future Trams Limited ("SYFTL"), are progressing at pace.

1.3 To set up the company for success, a Business Plan has been developed for year 1 (2024/25). The focus of this Business Plan is on immediate initiatives and interventions needed during the first 100 days and year one to stabilise the business and to prepare a solid base for future efficiency gains and growth. The detail of the plans for years 2, 3, 4, 5 and beyond, will be captured through the annual Business Plan update process:

Transition Plan, c.100 days: 'Build Trust' – Embed new governance, trust, take regulatory control

Business Stabilisation Plan, Year 1: 'Steady & Ready' – Develop the base for growth, resilience and efficiency gains

Longer Term Strategic Horizon, Year 5: 'Modernise & Improve' – Service improvements to the tram system in South Yorkshire

1.4 The Supertram Business Plan 2024/25 is included in Appendix A. This will be supported by detailed operational plans, which are under development through the mobilisation work that continues to progress over the next 4 months. The Business Plan will include specific operational deliverables such as KPI baselines and targets.

The Supertram Business Plan 2024/25 is an important part of the governance of SYFTL, with the soon-to-be-established Supertram Board continuously monitoring SYFTL's performance against the Plan and overseeing the annual update of the Business Plan in line with the MCA's budget setting cycle for approval by the MCA Board.

The Business Plan is the mechanism to support continuous improvements and to efficiently handle emerging changes, for example those arising from renewal works on the tram assets. The Business Plan will work alongside an Operating Agreement between the MCA and SYFTL which is being drafted by the MCA's legal advisors. The Operating Agreement stipulates underlying service specifications such as the timetable.

2. Key Issues

2.1 As the Supertram operations will be owned and financially supported by the MCA via an arm's length company with effect from 22 March 2024, governance solely via a legal Operating Agreement is ineffective, as penalty regimes for below-target performance would be effectively imposed onto the MCA itself.

In addition, a programme of asset renewal, subject to Department for Transport approval, due to start in the early years following the transfer of operations, means

that a legal Operating Agreement is likely to require continuous variations. This would generate legal costs and create the risk of unnecessary distraction from achieving good operational performance as a result of continuous legal negotiations between the MCA and the operating organisation SYFTL.

Mobilisation activities to transfer the tram operations to the MCA's wholly-owned subsidiary SYFTL are ongoing and will not be fully concluded until March 2024. During this period, further data is to be obtained (for example, employee details for TUPE which the current operating company Stagecoach are not legally required to provide at this stage).

In addition, new systems are being introduced (e.g. Finance, HR and IT systems) to replace those support systems no longer provided by owning group Stagecoach.

As a result, Key Performance Indicator baselines and targets have not yet been fully detailed. Data newly accessible to the MCA will produce detailed operational plan to support the operational implementation of the Business Plan and facilitate performance monitoring by the SYFTL Board.

3. Options Considered and Recommended Proposal

3.1 Option 1

The MCA Board approves the recommendations in this paper

3.2 Option 1 Risks and Mitigations

As set out above, there are some details to be confirmed in the Business Plan that are subject to the completion of the mobilisation phase..

Although confidence in the financial projection for 2024/25 is high, the ongoing work could identify the need for some refinement of the financial projections for 2024/25. Financial and other risks in the mobilisation programme are documented through the programme's risk register and are escalated to the MCA's risk register as required.

3.3 Option 2

The MCA Board does not approve the recommendations in this paper.

3.4 Option 2 Risks and Mitigations

This would delay the development and confirmation of the MCA governance and oversight arrangements over the new operating company SYFTL through the Business Plan process. This would mean that the opportunity to agree the Business Plan oversight process and delivery prior to the transfer date of 22 March 2024 would be deferred until after the start of the operations under the MCA's arm's length wholly-owned subsidiary.

This would lead to a lack of clarity on direction for SYFTL, the Supertram Board and Supertram's employees, which in turn could result in operational and financial inefficiencies owing to uncertainties and potential unnecessary underperformance of the operating company as a result of a delayed period of embedding new governance arrangements, systems and processes during a critical period of the transition.

4. Consultation on Proposal

4.1 Consultation has been undertaken with key stakeholders within SYMCA and with the senior leadership of the current Supertram operating company.

5. Timetable and Accountability for Implementing this Decision

5.1 The Executive Director of Transport (Acting) alongside SYMCA's Chief Executive as the Transport Portfolio officer lead are accountable for implementing this decision, ultimately alongside the directors of the Supertram Board when formally established.

The timeline for implementing this decision is prior to the operations transfer date of 22 March 2024.

6. Financial and Procurement Implications and Advice

6.1 The financial implications are clearly set out in the Business Plan in Appendix A of this report. The Business Plan report sets out the 2024/25 operating budget for SYFTL and the revenue support requirements alongside the projected requirements for the years 2025/26 to 2029/30.

As noted in this cover paper, the budget requirements will be monitored continuously by the Supertram Board and reset on an annual basis through the Business Plan review process overseen by the Supertram Board for approval in line with the MCA's annual budget approval cycle.

6.2 Procurement of services, systems and goods to support the transfer of the tram operations are procured in accordance with the Utilities procurement regulations.

7. Legal Implications and Advice

7.1 SYMCA will be the owner of the tram operations through an arm's length wholly-owned subsidiary from 22 March 2024. SYMCA is advised by DLA Piper to write the Operating Agreement and on the governance arrangements that will oversee the new operating company.

8. Human Resources Implications and Advice

8.1 HR implications are captured within the Business Plan and through the mobilisation programme, which oversees HR related implications such as support systems, changes in resource requirements, TUPE and pension arrangements.

9. Equality and Diversity Implications and Advice

9.1 N/A

10. Climate Change Implications and Advice

10.1 N/A

11. Information and Communication Technology Implications and Advice

11.1 The transfer of the tram operations to an arm's length wholly-owned MCA subsidiary has significant IT implications.

Significant progress is made in the mobilisation of ICT activities to achieve a successful transition on day one. However, it has to be recognised that the scale of ICT changes needed, with upgrades to systems and processes, means that these activities will be ongoing beyond day one and into the first year of operations. This will be supported by appropriate budget provisions. with associated subsidy provisions. This includes implementing improvements that ensures SYFTL are cyber secure.

12. Communications and Marketing Implications and Advice

12.1 Communications and marketing plans are under development as part of the mobilisation programme and are overseen by dedicated communications and marketing project leads.

List of Appendices Included:

A Supertram Business Plan 2024/25

Background Papers

N/A



South Yorkshire Supertram Business Plan 2024/25

Draft v1.7

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 - 2.2 A Trusted Brand and a New Beginning
 - 2.3 The Planning and Delivery Approach
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 - 2.3.2 Local Transport Plans
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 - 6.3.2 Our People and Organisation Plan
 - 6.3.3 Re-valuing Tram in the Hearts and Minds of Customers

Appendices

Appendix 1: Key Performance Indicators

Appendix 2: Annual Delivery Plan Initiatives



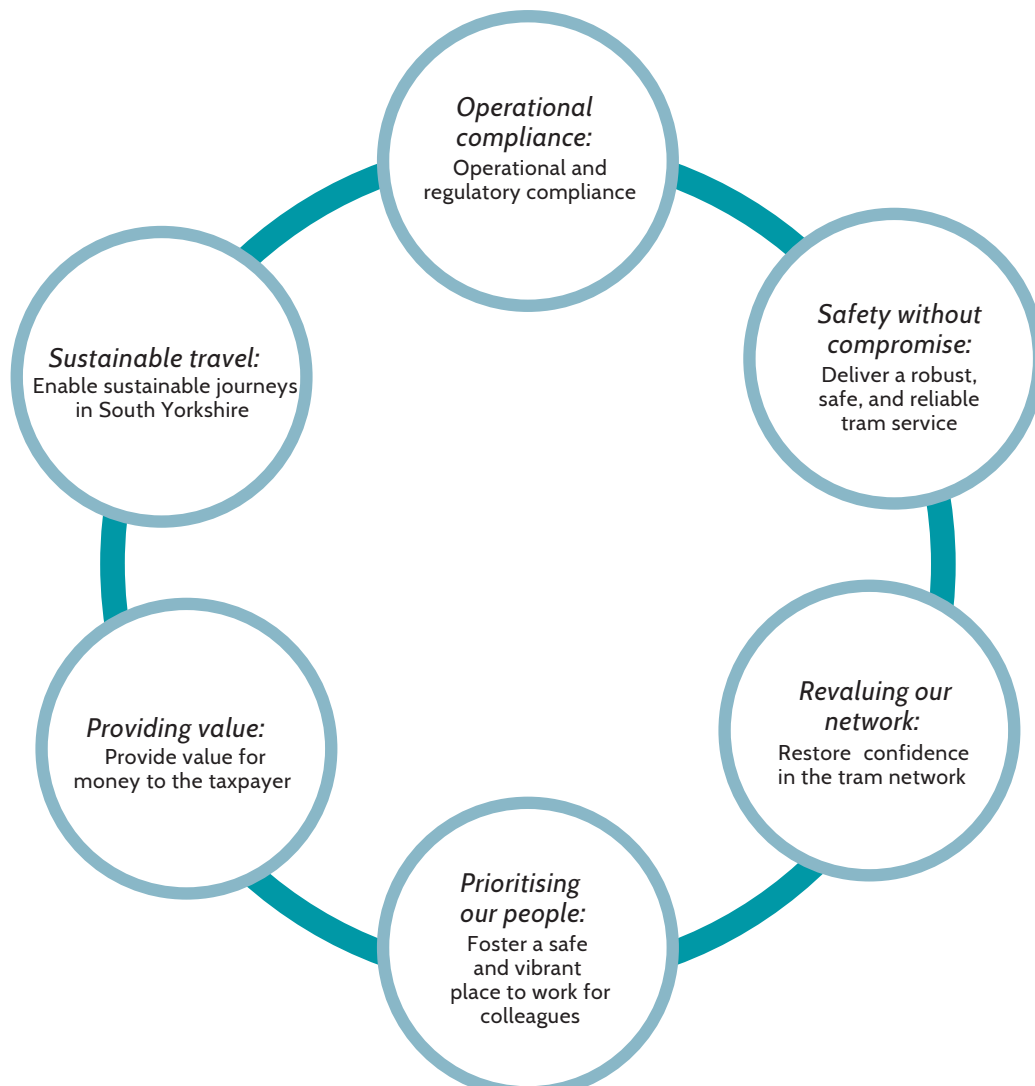
Executive Summary

The Supertram light rail network will transfer to public ownership as an arm's length wholly owned subsidiary of the South Yorkshire Mayoral Combined Authority (SYMCA) in March 2024. The MCA will be responsible for the system's operations, management, and finances. The new business will be incorporated as South Yorkshire Future Trams Limited (SYFTL), known as South Yorkshire Supertram (Supertram).

The Supertram Business Plan 2024/25 will be a comprehensive document that outlines the company's objectives and goals from the beginning of the new concession.

The business plan is based on extensive market research, statistical data and industry best practices, which provide a solid foundation for the company's operations. The document includes detailed information on the company's strategies, resources, expected outcomes, and potential challenges. It is a valuable guide for SYFTL's stakeholders and partners, providing them with a clear understanding of the company's vision and priorities.

To achieve our vision for South Yorkshire Supertram, our business plan is built around six operational goals:



Our performance is measured by Key Performance Indicators (KPIs) grouped under the headlines of:

1. *Safety and Compliance*
2. *Customer feedback and Insight*
3. *Service Performance*
4. *People and Organisation*

Key initiatives and more detailed KPIs will be contained in a delivery plan that will span the transition and business transformation of the business. The year 1 delivery plan is designed to take control of the new business and build trust, whilst beginning the process of preparing the tram operation for growth. The approach is to:

- *Deliver the best possible service for our customers, working together with multi-modal industry partners, active travel and our regional stakeholders to drive a safe, accountable and net-zero operation.*
- *Deliver our commitments, carefully developing efficiencies which manage cost and offer better value for money to customers and taxpayers in our region.*
- *Identify opportunities to remove cost as passenger numbers recover, whilst creating the environment for and a business plan for growth.*

The Supertram Business Plan 2024/25 is strongly aligned with the policies, aims, and objectives of the Local Transport Plan. The plan will complement and uphold the financial and performance reporting duties and responsibilities of South Yorkshire Future Trams Limited to the board of SYFTL and the board of MCA.

As a public body, we take a proactive approach to developing our plans by actively listening to local people and businesses. We ensure that there is thorough engagement and accountability for the feedback we receive. Our business plan is carefully crafted to define how we will meet these objectives. We conduct market research, gather evidence, and use industry best practices to help us achieve our vision.

2. South Yorkshire Tram System

2.1 Historical Context and Background

Launched in 1994, South Yorkshire's Mass Transit light rail network has become an integral part of the South Yorkshire region: it provides accessible, high frequency and efficient public transport to a range of employment, educational and recreational opportunities; it facilitates sustainable, low carbon travel with minimal environmental impacts; and it is an icon for the region, much beloved both by residents and visitors.

It remains today an innovative leader in UK tram through the delivery of a new tram-train network in 2018 linking Sheffield to Rotherham. This forward-thinking project proved that heavy and light rail can successfully operate on the same infrastructure.

Tram-train is an enabler for South Yorkshire and the wider UK to use technology to connect people geographically more closely to their transport needs. It is doing this by using a relatively operationally and financially efficient light rail solution.

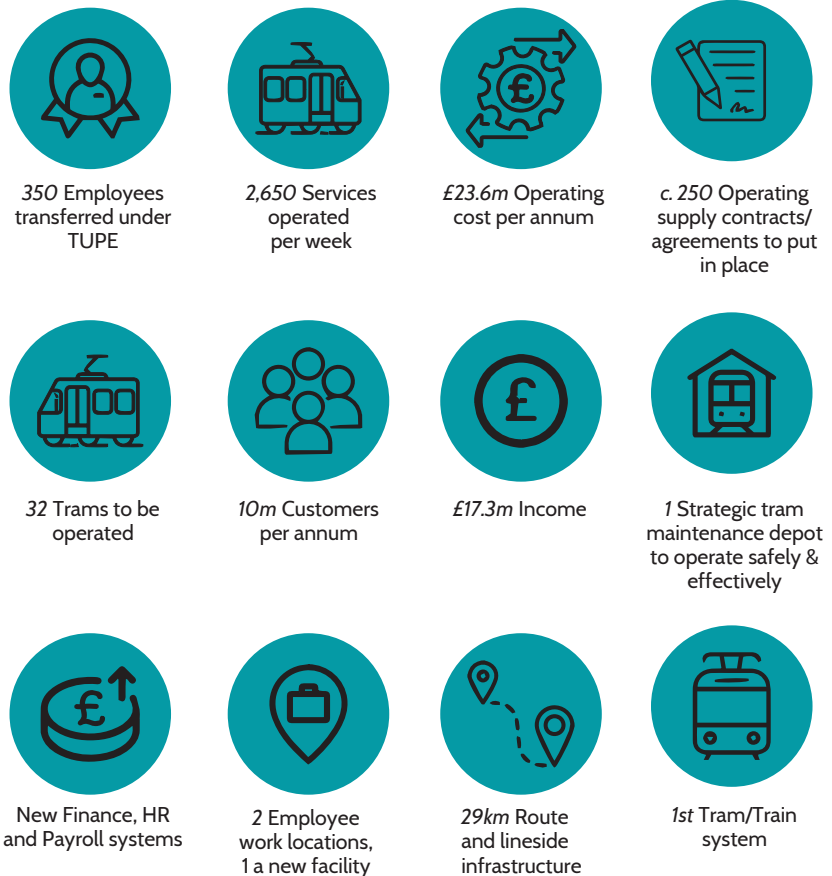


Figure 1: The Light Rail system at a glance that will transfer on 22 March 2024

2.2 A Trusted Brand and a New Beginning

The Supertram light rail network will transfer to public ownership as an arm’s length wholly owned subsidiary of the MCA in March 2024. The new business incorporated as South Yorkshire Future Trams Limited (SYFTL) will continue to be known as South Yorkshire Supertram with the operational, managerial, and financial responsibility for the system reverting to the MCA.

It’s been part of our region’s fabric for nearly thirty years and remains hugely popular. In the next thirty years, it will play a critical role in helping us reach our net zero goal. Not just as a publicly owned, publicly-operated venture, but one which we hope will eventually have an expanded footprint covering an expanded area, serving a much greater proportion of the people of South Yorkshire. That’s the ambition.

2.3 The Planning and Delivery Approach

The pyramid presented in *Figure 2* underpins the Supertram Business Plan 2024/25 and ensures that the operator delivery plan initiatives map back to the vision and mission statements that will be developed for the tram business.

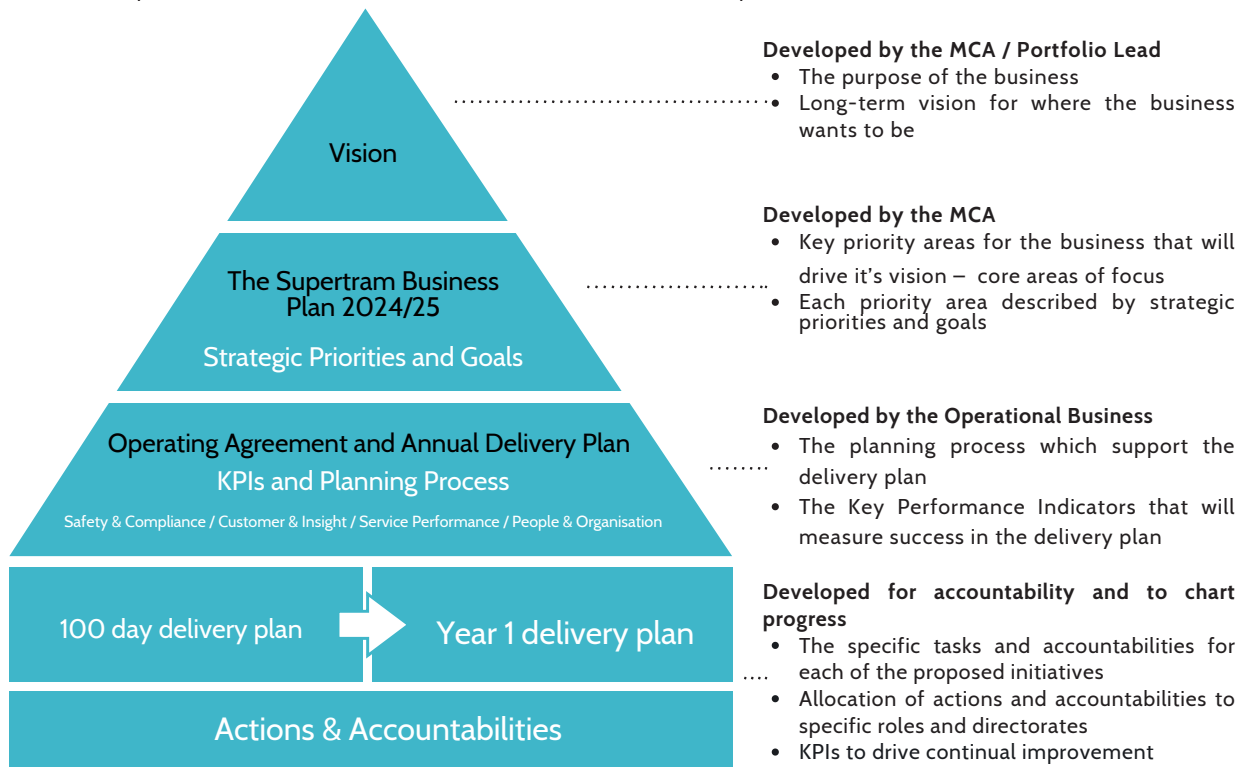


Figure 2: The Supertram Business Plan 2024/25 planning framework

Key initiatives and supporting KPIs will be supported by a delivery plan produced by the operator that spans the transition (100 days) and business transformation (1 year) of the business.

The Supertram Business Plan 2024/25 will build on the track record of light rail delivery and innovation in South Yorkshire and will also support the smooth, safe and seamless concession transfer of the existing Stagecoach owned business across to the MCA, and through its first year of operation.

The year 1 delivery plan is designed to take control of the new business and build trust, whilst beginning the process of preparing the tram operation for growth. The approach is to:

- Deliver our business plan commitments, carefully developing efficiencies which manage cost and offer better value for money to customers and taxpayers in our region.
- Look for opportunities to remove cost as passenger numbers recover, whilst creating the environment for and a business plan for growth.
- Creating the best possible services for our customers, working together with multi modal industry partners, active travel and our regional stakeholders to drive a safe, accountable and net zero operation.

2.3 The Future of the Light Rail Network

2.3.1 Stabilisation and Renewals

With new ownership comes the opportunity for the Supertram business to refresh its brand and improve its range of products to adapt to the changing travel patterns post-COVID. The business will undertake this as part of a broader transport strategy while also managing risks and customer perception during a period of asset renewal.

The tram and infrastructure assets will reach their economic end of life in 2024. Some of the elements of the asset and supporting systems are becoming obsolete as supply chains are discontinuing support or new regulations are driving the need for renewal. Despite ongoing maintenance and renewal efforts, there is a risk of declining asset reliability and failure.

Like other public transport operations, Supertram has seen a considerable reduction in demand as a result of new travel behaviours adopted by the public following the COVID-19 pandemic. This demand pressure is exacerbated by poor operational reliability and the deteriorating condition of customer-facing assets, such as tram stops, which are visibly in need of repair based on research findings. The deterioration is largely due to the age of the vehicles and other infrastructure, which is having a negative impact on passenger experience, perception of the brand, and which urgently needs replacement or renewal.

For the full benefits of the tram to be unlocked it is essential that as many people as possible use the network. Investing in the safety, reliability, and attractiveness of the network is essential to increase patronage and create a network that meets future needs.

2.3.2 Local Transport Plan

The tram service, along with the local bus network, rail links, and Active Travel, plays a crucial role in providing essential transportation to our communities. It is especially important for households in certain parts of South Yorkshire where up to 35% of people do not have access to a car. Efficient public transport and sustainable road transport are crucial in providing transportation options tailored to individual needs. This approach helps in attracting people away from more polluting modes of transport, which is not only necessary for driving economic growth but also in addressing the climate emergency in South Yorkshire. Additionally, it supports the targets of the Clean Air zones in our region.

In addition, the case for Supertram is supported by Sheffield City Centre Strategic Vision. Sheffield City Council have developed a vision for the city centre, which is liveable, connected, and resilient. Key to that is delivering enhanced connectivity and accessibility for the City Centre through integrated and sustainable transport.

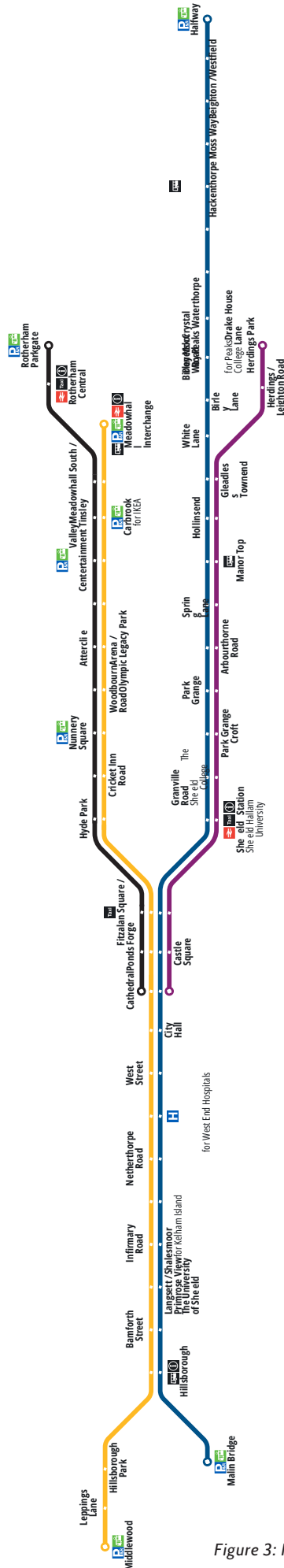


Figure 3: Network Map (Source: SYMCA)

Today, the network is 29km long and consists of four overlapping routes, as shown in Figure 3. These routes are served by 25 trams and 7 tram-trains.

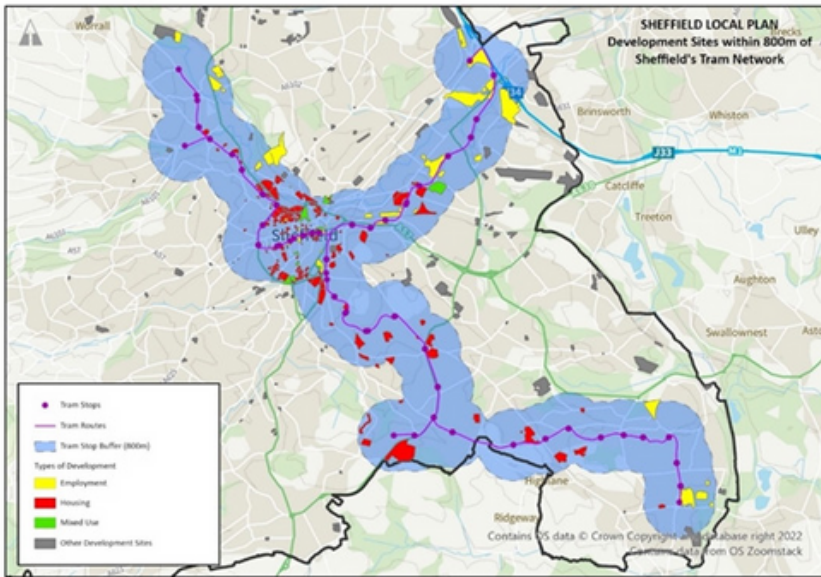


Figure 4: Development Sites within 800m of the tram network (source: SYMCA / OBC Strategic Case 2023)

2.3.3 Enabling Sustainable Connectivity to Local Development

The tram will help deliver sustainable access to several development sites in the region. Figure 4 illustrates that many planned development sites outlined with the Sheffield Local Plan are situated within an 800-metre radius from the network, which encompasses around 40,000 housing units and 2.37 million square metres of employment floorspace. Over 80% of these developments are expected to be completed between 2025 and 2030, indicating significant potential for growth in the near future.

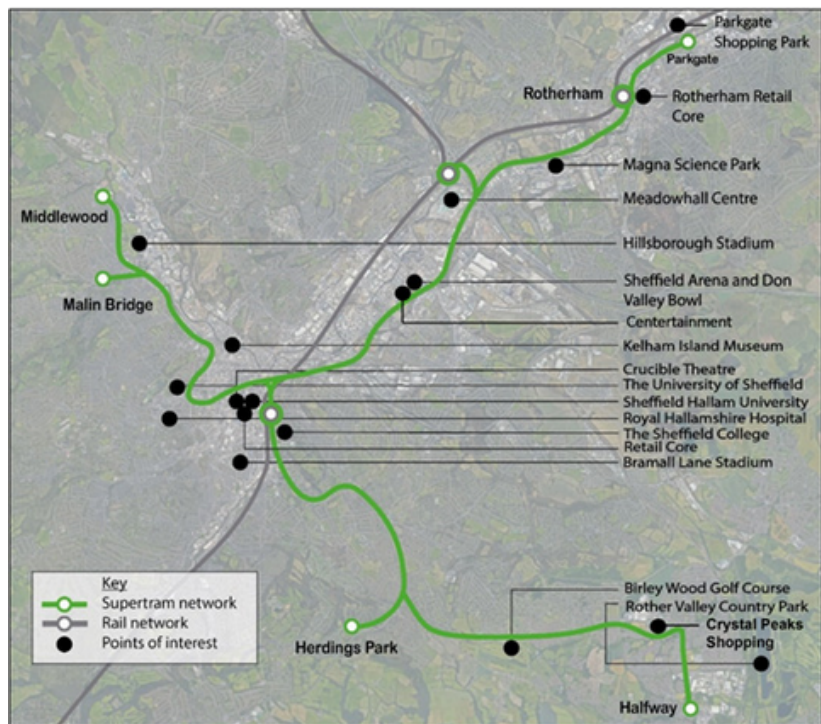


Figure 5: Cultural attractions on the Mass Transit network

2.3.4 A Vital Role Connecting the Region

The network serves major areas of employment in the region connecting to Sheffield City Centre and the Don Valley, as well as major retail centres at Meadowhall and Rotherham. In addition, most of the facilities for all three of Sheffield and Rotherham’s higher education institutions and both major further education institutions are directly served by the Mass Transit network. The range of destinations served by Mass Transit is shown in Figure 5.

3. MCA Governance

3.1 Strategic Direction from the MCA

The MCA will develop the strategic direction of South Yorkshire Supertram by its decision to take control of its operations and subsidising the tram network. To support this, the MCA will establish an adaptable organisational and management governance structure, capable of accommodating changes and effectively leveraging the opportunities presented by a constantly evolving and multi-modal transport network with the ultimate aim of driving benefits to the region.

Key to this success will be the governance structure that is developed, to ensure the safe, resilient, and strong operation of South Yorkshire Supertram. The MCA operates a Cabinet style Governance structure, see figure 6 below:

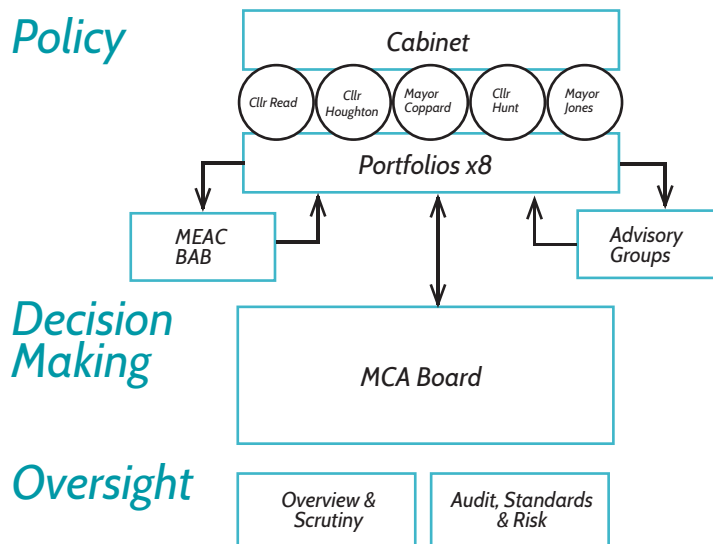


Figure 6: Cabinet style MCA governance structure

Each Member of the MCA is responsible for one or more Portfolio. The Portfolio Holder for Transport, including the Tram, is the Mayor. The Mayor is supported by the Executive Director of Transport, and a Lead Chief Executive.

Formal decision making by the MCA in respect of the tram business will be made at the MCA Board e.g., approving the annual business plan.

Day-to-day operational decision making will be taken by SYFTL in accordance with its internal decision-making structure, overseen by the board of directors (figure 7) and an operating agreement (see 3.1.2).

3.1.1 Board Support and Control

The MCA will appoint a non-executive team of directors. There will also be an Independent Non-Executive Director (NED) appointed following a clear and transparent process. This role will be developed with a clear profile, scope, and expectations. The Board will also include several Executive Directors.

The transparently appointed Independent NED will provide impartiality, commercial and operational safety challenge to the SYFTL Board. This is seen as best practice and valuable addition to the Board. The Independent NED adds a new specialist voice to tram leadership after the long period of Stagecoach ownership.

The Non-Executive Directors will ensure that the operation of South Yorkshire Supertram by SYFTL is aligned with MCA strategy and objectives and that the MCA can have a clear line of sight on performance and safety.

The Board of SYFTL will be as set out as below, incorporated as South Yorkshire Future Trams Limited.

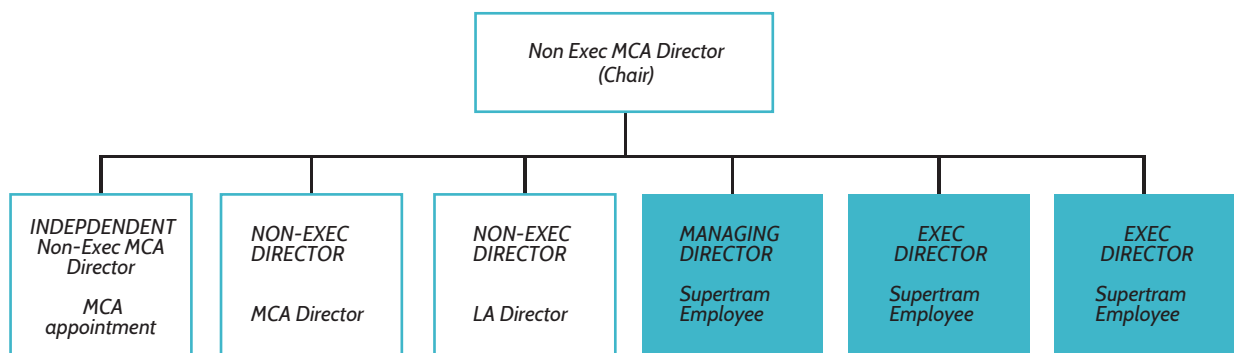


Figure 7: The Governance Board for Supertram

3.1.2 Operating Agreement and an Annual Delivery Plan

SYFTL will be contracted via an Operating Agreement. The Operating Agreement is a fixed agreement between MCA and SYFTL and sets the governance framework and how risk is managed. The Operating Agreement will have a set of minimum performance metrics e.g., a high-level timetable, agreed KPIs, etc. This will be set out in a comprehensive delivery plan document produced by the operating business on an annual basis. This delivery plan will be appended to the operating agreement annually and will set out the actual plans and targets for each 12-month period. Each plan will be submitted to the MCA for approval prior to the commencement of each year.

The MCA, as part of its wider governance and budget setting, will assess the SYFTL delivery plan so it understands its financial commitments and risk. In doing so, the MCA will approve the funding subsidy and be aware of the high-level plans and initiatives for the 12 months ahead. The delivery plan will inform the MCA overall budget and any core risks escalated to the wider Transport Risk Register.

The delivery plan process will avoid the need for variations to the Operating Agreement through change mechanisms and gives the MCA the flexibility to fund or defund and adjust KPIs and measures annually or through remedial recovery plans as required. The Year 1 delivery plan will as a result be appended to the Operating Agreement. In addition to the delivery plan, which is a performance document, SYFTL will be required to produce an annual budget. This will be submitted to the MCA in such time to inform the MCA’s own budgeting process.

This delivery plan is critical to ensure SYFTL deliver to their commitments and that day-to-day risks are managed and understood. The plan is supported and delivered through a range of KPIs and reporting, which will be measured as part of monthly and periodic governance.

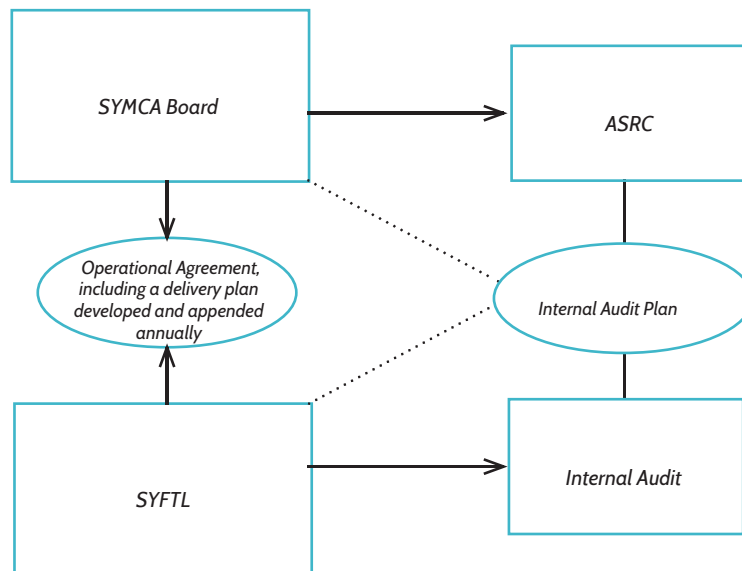
SYFTL will be required to produce a four-weekly periodic report demonstrating actual performance against KPI targets and progress against objectives as set out in the delivery plan for review by both SYMCA and the Board of SYFTL. The business will be required to produce calendar monthly management accounts that demonstrate performance against budget and cashflow projections with commentary on any significant variances.

3.1.3 Audit Committee Arrangements and Assurance

The Operating Agreement and current UK legislation ensures that safety and regulatory risk is addressed at a Supertram operational level, with SYMCA as system owner providing challenge, reviewing KPIs and developing a clear audit process to ensure compliance.

The diagram below set out the Audit arrangements proposed for SYFTL, this makes best use of the MCA's existing internal audit arrangements and will play a significant assurance role in ensuring that the MCA has appropriate oversight of SYFTL.

Figure 8: MCA's route to secure wider assurance



In brief:

SYMCA Oversight

- MCA Board receives regular reporting on performance
- MCA agreed annual delivery plan for SYFTL
- MCA Strategic Risk Register capturing higher level non-operational risks
- (includes safety performance against KPI's etc)
- MCA agreed annual Internal Audit Plan aligned to strategic risk register
- MCA client-side function, monitoring delivery against Operating Agreement and delivery plan

SYFTL Board Composition

- 2 SYMCA directors appointed to SYFTL Board to ensure the strategic aims of
- MCA are delivered, direct reporting escalation to ELB/MCA
- 1 independent non-exec Director appointed
- 1 non-exec local authority Director

Role of ASRC

Extended to include SYFTL as a subsidiary of MCA, role would be to:

- agree Internal Audit Plan, receive Internal Audit Plan reports and monitor delivery of actions
- review strategic risk register

SYFTL Director to attend ASRC to present performance report against business plan, internal audit reports and risks.

4. The Financial Model

4.1 Budgeting

Next year SYFTL is budgeting to spend in the region of £23.6m on the day-to-day running costs of the tram system. Nearly 60% of costs go towards the wages and salaries of the workforce comprising tram drivers, conductors, engineers, and support staff.

Almost 20% of the budget pays for traction costs, in other words the cost of electricity which powers the trams. Around 12% of the budget is set aside for maintenance costs, to ensure that the trams, tracks, and other infrastructure can be operated safely.

The remaining budget is spent on other operating and administrative costs borne by most companies, such as rent and rates, insurance, ticketing, information technology, recruitment, and training.

The full budgeted cost profile for 2024/25, along with the financial overviews for the new business for the next financial year are highlighted below.

	2023/24 Forecast £'000	Pressures £'000	Savings £'000	2024/25 Forecast £'000	Variance £'000
Income					
Ticket Revenues	£14,582	£0	£741	£15,323	£741
Concessionary Subsidy	£1,789	£0	£52	£1,841	£52
Advertising Revenues	£139	£0	£3	£142	£3
Total Income	£16,510	£0	£796	£17,306	£796
Operating Expenditure					
Staff Costs	£11,538	£2,068	£0	£13,606	£2,068
Infrastructure Maintenance Costs					
Major engineering works	£2,077	£0	£2,077	£0	£2,077
Routine maintenance	£1,561	£0	£0	£1,561	£0
Rolling Stock Maintenance Costs	£1,408	£0	£127	£1,281	£127
Traction Costs	£1,786	£2,461	£0	£4,247	£2,461
Administrative Costs	£744	£281	£0	£1,025	£281
Other Operating Costs	£2,581	£368	£1,077	£1,872	£709
Total Operating Expenditure	£21,695	£5,178	£3,281	£23,592	£1,897
Operating Deficit	£5,185			£6,286	£1,101
Funded by:					
Transport Levy	£0			£7,064	£7,064
Capital recharge to MCA	£0			£150	£150
Total funding	£0			£7,214	£7,214

Supertram Costs 2024/25

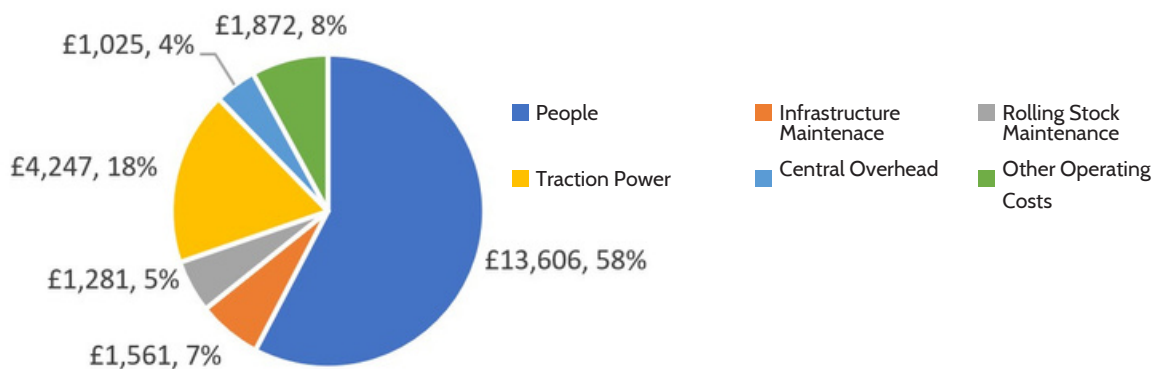


Figure 9: Financial overview and forecast for 2024/25

4.2 Key Activities and Investment

A number of key activities and investment initiatives are planned in year one which can be categorised under:

1. *Safety and Compliance*
2. *Customer feedback and Insight*
3. *Service Performance*
4. *People and Organisation*

One time investment is required to replace IT equipment which is either obsolete or will not form part of the handover from Stagecoach. In addition replacement software / systems will be required to replace those currently provided by Stagecoach group, this includes Finance, HR, IT and Payroll.

Within the Supertram business the areas of Safety and Compliance have been impacted in recent years, meaning that in the short term, investment is required to re-baseline the business and to mitigate operational risk through legal and regulatory compliance.

4.3 Funding

Next year SYFTL is expected to generate around £17.3m of income. £15m of this will come from ticket sales, and the majority of the remaining £2m of income will come from SYFTL's parent organisation SYMCA, which reimburses SYFTL (as well as bus operators) for elderly and disabled passengers and children. This is also known as the concessionary subsidy. SYFTL also earns a modest amount money from advertising.

All these income streams are not enough to cover the tram system's day-to-day running costs. In 2024/25, the operating deficit is forecast to be around £6.3m. SYMCA will pay an operating subsidy to SYFTL which will allow the company to meet all its financial obligations. SYMCA will also meet any costs necessarily incurred by SYFTL to deliver the asset renewal programme. In its own medium term financial plan, SYMCA has set aside sufficient resources (£5-7m per annum) from the South Yorkshire Transport Levy (paid by each of the four local authorities in proportion to their population) to cover the cost of the operating subsidy.

4.4 Moving Towards Sustainability

SYFTL is expected to operate at a loss of c.£6.3m in 2024/25. Over the course of this decade, the operating deficit is forecast to decline as energy prices begin to stabilise. One of SYFTL's primary goals is to decrease its dependence on the public purse. To achieve this, the delivery plan includes several measures that aim to boost ticket sales and other forms of revenue, as well as identifying more cost-effective ways of working. This includes new ticket collection machines which will speed up payments for customers. Efficiency in the business will be targeted with a major Timetable Optimisation Study the results of which will determine future service

levels and support efficient running and manning of services. This in turn will be supported by customer research to determine the new travel patterns post COVID-19, so fares and services can be targeted to attract more passengers and retain those who travel already. New reporting tools will be introduced which will support incident recovery to reduce delays, and asset management will be improved to prolong the life of critical infrastructure and tram components.

Engagement and retention of staff will be a core themes to support colleagues back to work and ensure key competencies are always in place and colleagues continue to be supported by relevant and safety-based training. A wider customer plan will be developed alongside other multi-mode public sector operators to share thinking, improve travel information and make travel seamless and app and websites frictionless.

These initiatives will be developed and built on as budget approvals are made, and the current leadership team are in a position to TUPE across to the new business. We will harness their vast experience and compliment it with new systems and technology to improve efficiency and the support they would expect of a new owning authority.

4.5 Patronage Challenges and Opportunities

These initiatives are vital as the business recovers from the impact of COVID-19. Upon opening, the network saw strong patronage growth (on average 8% per annum) and at its peak in 2010/11 carried nearly 15m passengers. However, recent years have seen patronage decline, carrying around 11.5 million passengers in 2019 prior to the COVID-19 pandemic. As shown in Figure 10, the impact on travel behaviour of the pandemic has caused further decline in passenger numbers.

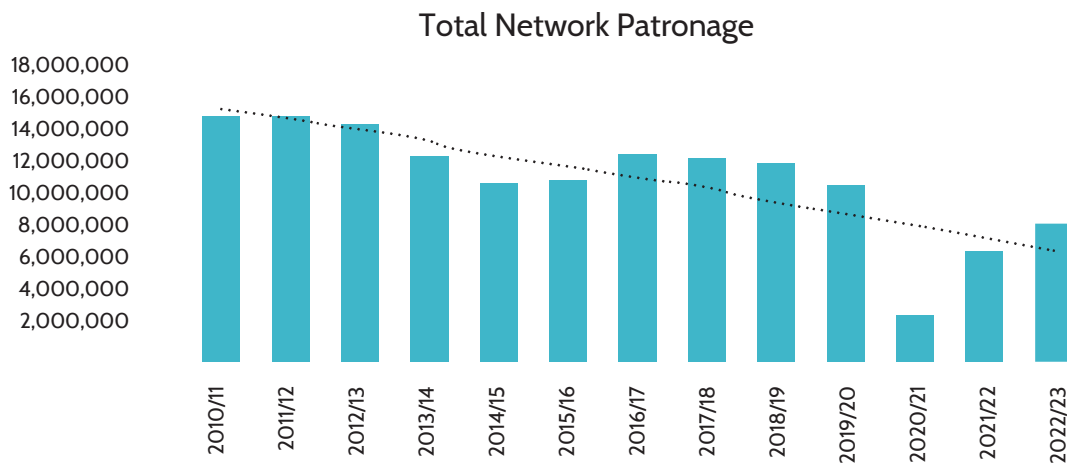


Figure 10: Mass Transit patronage (Source: SYMCA)

Prior to 2020, several factors contributed to a decline in tram patronage. Service closures occurred during and after periods of engineering work which led to frustration among passengers. Ageing vehicles also contributed to more frequent failures and impacted reliability.

Post-2020, the COVID-19 pandemic led to lockdowns and travel restrictions implemented by the government, causing demand for tram services to fall to 20% of previous levels before slowly recovering to around 78% in mid-2023. Hybrid working since the pandemic has led to a decrease in footfall into the city centre and has also impacted demand on tram, bus, and rail services.

With energy traction accounting for nearly 20% of the core operating costs we will work with public sector suppliers to manage risk and reduce exposure to energy price fluctuations. Tram still remains the low carbon travel solution for the region and more will be done over the medium term to harness other natural energy solutions or traction 'by-products' to power our depot and infrastructure.

4.6 Strong Customer Sentiment Base to Build From

Reversing the decline in patronage is a central focus as the business is stabilised and will help deliver a financially sustainable tram that provides wider benefits to society. Despite these challenges, the South Yorkshire Supertram network, as evidenced by surveys provided by independent organisations such as Passenger Focus (Figure 11) consistently scores highly in customer satisfaction surveys.

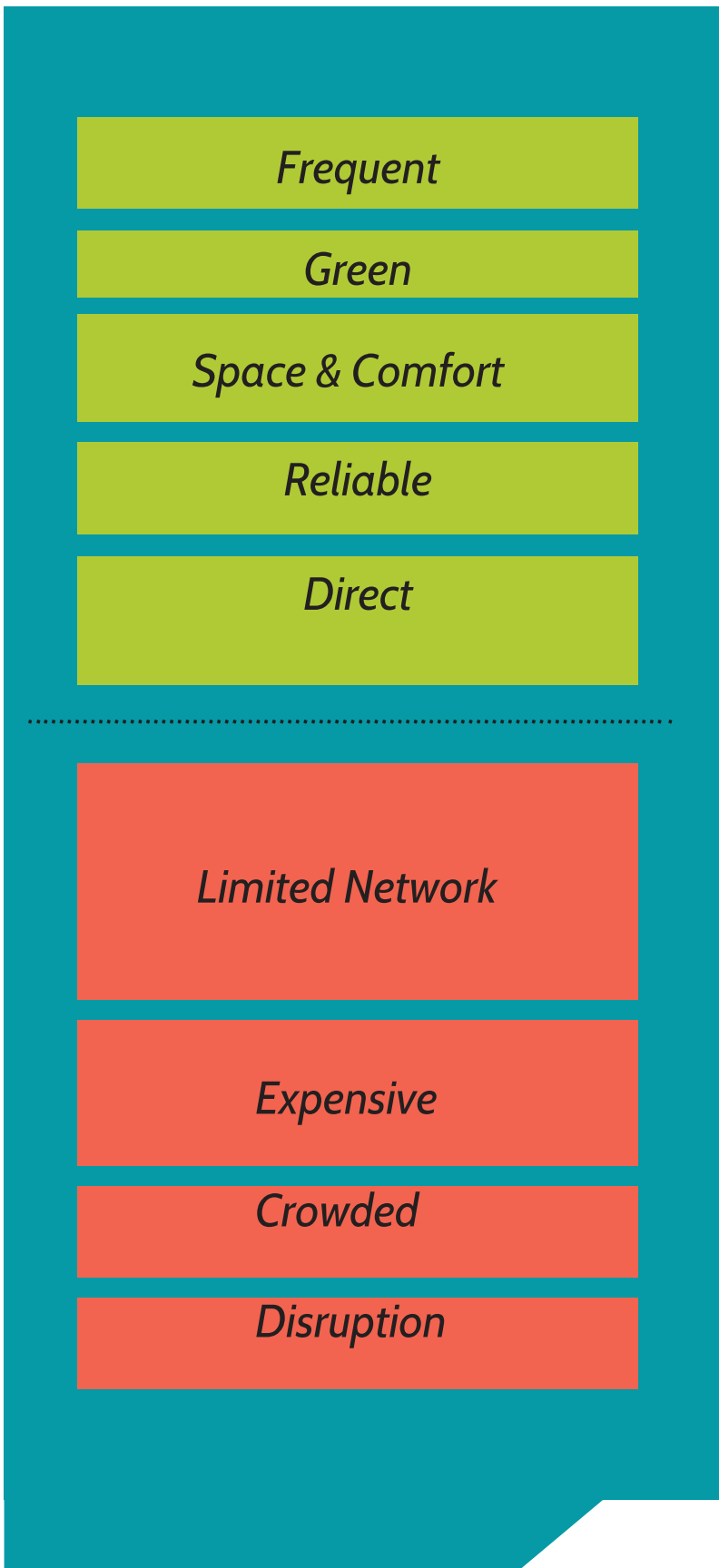


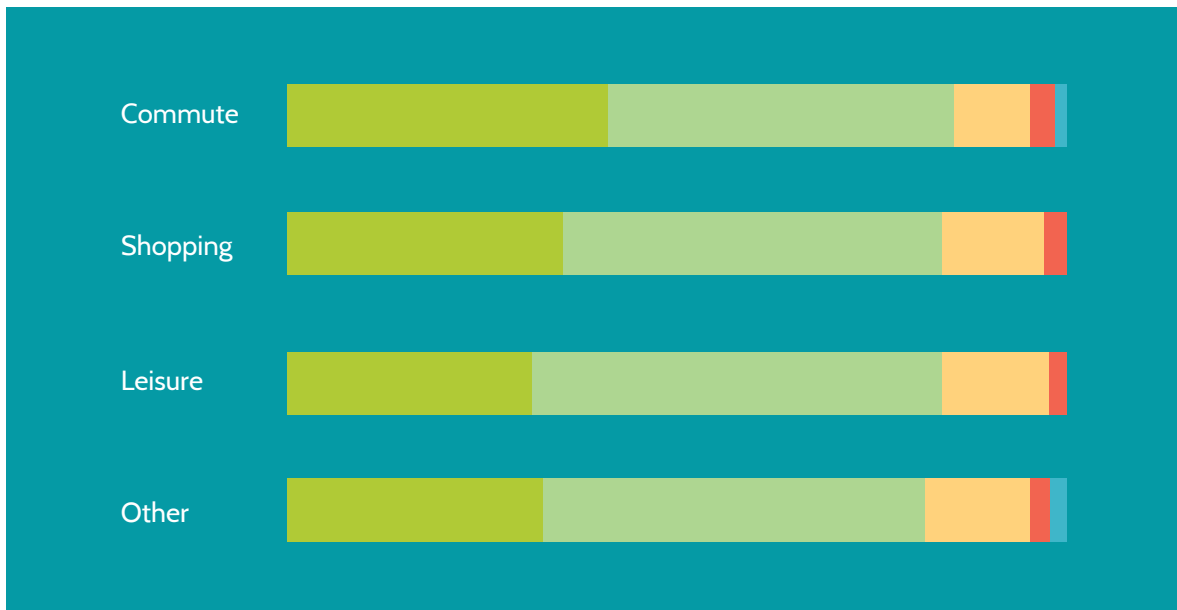
Figure 11: Passenger Transport Survey results prior to the pandemic

This has created high expectations in the region that the system serves, with reliability, punctuality, and consistency crucial to delivery for customers.

If you could sum up Supertram in 3 words, what would you use?



Overall, how would you rate your Supertram experience?



5. Health and Safety Leadership

The safety of customers and colleagues will remain the core priority for the business.

As the identity of the new business develops, we will ensure health and safety is at the heart of the brands and values developed. It's also key to the delivery of sustained performance and is embedded in initiatives developed in key areas such as:

- Operational performance
- Financial risks
- Reputation
- Customer Experience

Developing our people, systems and safety culture will help us incrementally improve colleague, customer, and operational safety performance. This will help us be a benchmark model for health and safety in Light Rail.

5.1 Regulatory Environment

SYMCA is subject to general health and safety legislation as well as legislation related to railways and tramways. SYMCA keeps up to date on key legislation relating to tram operation through updates from the HSE, IOSH, RSSB, LRSSB and through membership of UKTram.

5.2 Continuous Safety Improvement

We will work with partners and stakeholders such as the ORR, RSSB, other light and heavy rail partners, Network Rail and the Light Rail Safety Standards Board (LRSSB). Through the Operating Agreement and appended delivery plan, we will strengthen the safety resources and personnel employed in the new tram business and ensure the responsibilities are widened towards Safety, Health, Environment and Quality. This will be delivered in the first 100 days of the new operation. Key measures and continual improvement of safety culture will be re-energised by engaging with all staff and identifying specific learning and training requirements.

The safety of our people and our customers will be embedded in the new governance structure and ownership. A robust, continually improving safety culture is at the core of our delivery plan and will ensure the safe operation and sustainability of the business.

This will be delivered by initiatives which ensure South Yorkshire Supertram's safety culture is characterised by committed and visible management, shared beliefs and aspirations, close working with unions and other stakeholders, and comprehensive and proven new safety management systems and procedures. This culture will underpin the day-to-day running of the business and is designed to support the change and quality process that will be developed..

5.3 Safety Management Approach

The Safety Management System (SMS) is a suite of procedures which outline required competencies and processes to ensure the risks associated with Supertram are reduced so far as is reasonably practicable. The SMS has been written to ensure full integration with other SYMCA management systems and processes and, where appropriate, links with SYFTL's SMS as the Concessionaire for Supertram.

This written SMS provides an overview of the SYMCA Management System and references the key procedures which underpin and support SYMCA's oversight of SYFTL's operation and maintenance of the tram network and SYMCA's efforts to drive safety improvement.

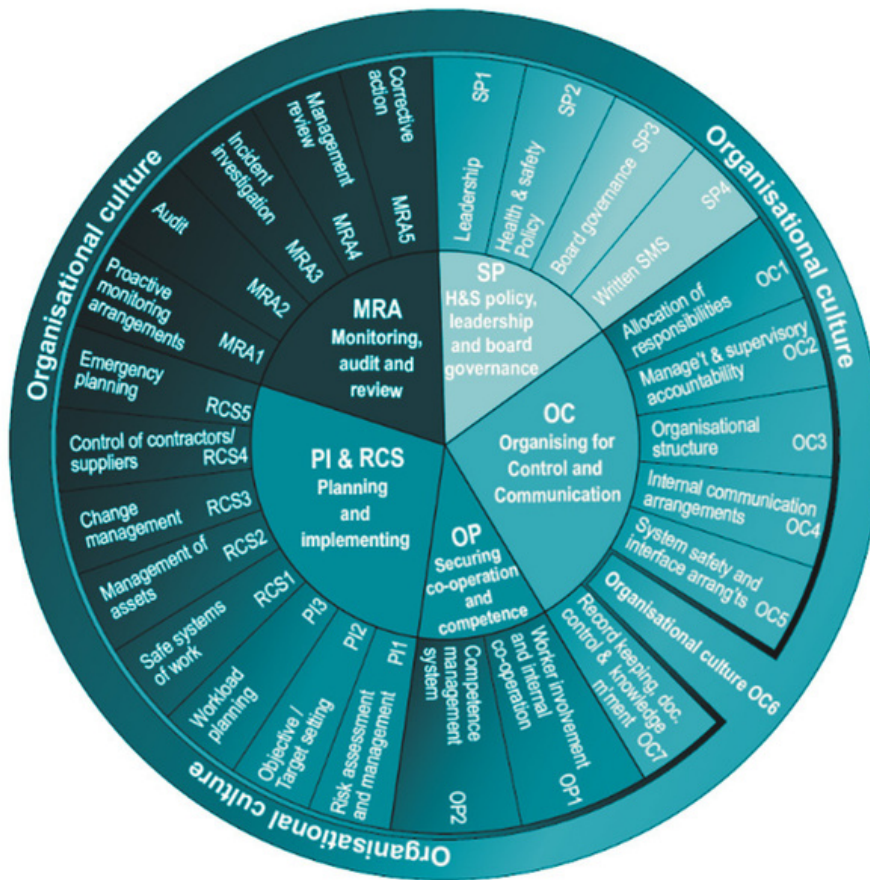


Figure 13: ORR RM3 Model

This written SMS is structured based on the Office Rail and Road (ORR) RM3 model and broken down into the RM3 categories to make sure all key areas are covered. Each area is linked to relevant procedures and contains a summary of how SYMCA oversees SYFTL's operation and maintenance of the tram network. This is to ensure that H&S risks are managed with opportunities for improvement identified for year-on-year H&S performance improvement.

This document will be amended as necessary to incorporate any changes to SYMCA governance and the tramway as they occur.

5.4 Investment and Delivery

Some initiatives we plan to introduce as part of the delivery plan include:

- Improved and consistent leadership and colleague safety training
- The development of clear safety principles and rules of engagement for safety
- A commitment to improving safety standards across the business and between supplier and stakeholder partners
- Improving health and safety on depots to better manage high-risk engineering activities with a focus on tram vehicle movements, electrical safety and lifting operations
- The continued investment in 40 body-worn cameras for use by front line Conductor Grades focussed around reducing incidents and assaults on board services

6. The delivery plan 2024-25

Under the Operating Agreement the South Yorkshire Supertram business will have to annually agree a delivery plan with the MCA (as client). Appendix 2 shows the relationship between the plans.

6.1 Operational Goals

The delivery plan will include Operational Goals which are aligned to the wider Supertram Business Plan 2024/25.

The Goals are driven partly from the comparison between how the business has been managed historically and what a 'good' tram-operating business looks like and partly by a need to introduce a new set of shared services and systems to support the new business and replace support previously provided to it by Stagecoach.

The Operational Goals for 2024/25 have been identified as:

1. To ensure compliance with the operational / regulatory specification mandated by the regulator, the Office of Rail and Road (ORR) and other tram regulatory bodies to underpin safety and compliance.
2. To deliver an operationally robust, safe, and reliable tram service.
3. To restore customers' and stakeholders' confidence in the tram network, visibly improving customer experience.
4. To develop an improved, safe, and vibrant place to work for colleagues.
5. To provide value for money to the taxpayer, including financial prudence, growth in patronage, revenue protection or cost savings.
6. Integrate and enable more sustainable journeys in South Yorkshire. Integrate the tram business and network with bus, active travel, park and ride, to enable people to make more sustainable journeys: 'The First and Last Mile'.

The delivery plan in year 1 is designed to take control of the new business and build trust, whilst beginning the process of preparing the tram operation for growth. The South Yorkshire Supertram operational delivery approach is to:

- *Deliver the best possible service* for our customers, working together with multi-modal industry partners, active travel and our regional stakeholders to drive a safe, accountable and net-zero operation.
- *Deliver our commitments*, carefully developing efficiencies which manage cost and offer better value for money to customers and taxpayers in our region.
- *Identify opportunities* to remove cost as passenger numbers recover, whilst creating the environment for and a business plan for growth.

6.2 Key Performance Indicators / Initiatives

The Key Performance Indicators (KPIs) provide the metrics by which the MCA will measure and manage the success of the tram operating business through its Governance Board. These KPIs provide the measure of progress towards which the business is achieving the Operational Goals and are grouped into four focus areas, these being:

- Safety and Compliance
- Customer and Insight
- Service Performance
- People and Organisation

Specific KPI's will be developed as part of the delivery plan developed by the tram business. The suggested KPIs that will be adopted for 2024/25 and that will hold the business to account are detailed in Appendix 1.

KPIs will be set as part of the SYFTL Governance Board process and continue to be measured and managed through reporting processes of that board (see 3.1.1). The aim will be to develop a clear and transparent process to drive safe operation, improvement, and efficiency gains. The business organisational structure reflects the focus areas to enable identification of ownership for KPIs and associated business planning initiatives

The delivery plan for the first year of the new operation will also incorporate the new company initiatives that will deliver a safe and seamless transition. These initiatives and KPIs will be developed jointly between SYMCA and South Yorkshire Supertram, all subsequent annual delivery plans will be developed by South Yorkshire Supertram for SYMCA approval. The KPIs for each year will be based on the Operating Agreement requirements and be likely set and based on improvements to the previous year's performance, or new delivery plan initiatives which demonstrate safety, efficiency, growth or policy improvements.

A brief summary of the headline initiatives is contained in Appendix 2.

6.3 Delivery Planning Themes

6.3.1 Leadership, Management and Resourcing

One aim in developing the delivery plan is to build an agile organisation with a diverse, inclusive workforce that develops the talent we need to provide an improved and safe service to customers as we identify and maximise local opportunities and prepare the business to take on the challenges of the future. Our plans focus on delivering change that builds a sustainable future for light rail in our region.

- We will deliver this through the long-standing light rail experience of the business to build a team of engaged leaders and colleagues. People who understand the complex transport challenges of the region. Their experience allows us to build on the position of South Yorkshire Supertram as a trusted partner to the communities we serve.
- We will encourage and develop an organisational culture of collaboration and common purpose, working with our communities and our customers to deliver, where required, infrastructure and upgrades on the network whilst we rebalance the business to changing travel and ticket purchase patterns.
- We will keep our employees and customers safe and ensure we have robust plans in place for continuous improvement. We will work with the British Transport Police to increase visibility and support as well as travel partners at key inter-modal interchanges such as Meadowhall, Parkway, Rotherham, and Sheffield Station to reduce crime and improve colleague safety.

6.3.2 Our People and Organisation Plan

Approximately 350 employees will TUPE across to the new business from the current tram operation managed by Stagecoach. This includes a current leadership team that is detailed below:

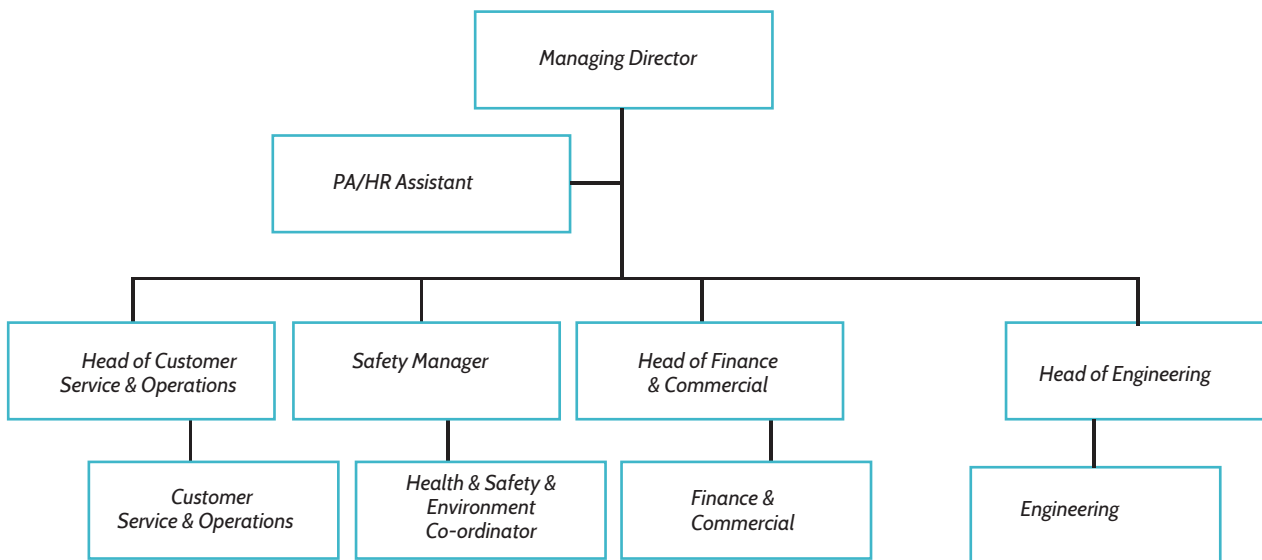


Figure 12: Management structure Supertram as of November 2023 which supports the c.350 staff members who will TUPE across

In order to continue to improve the customer experience through our people we will ensure that our colleagues are increasingly trained, rewarded, engaged and empowered to deliver change. We want to ensure that the right leadership is in place to deliver on the business goals and KPIs within the Operating Agreement of the tram business and establish a culture of success for all stakeholders involved.

We are committed to creating a more sustainable employment model. One which improves retention, rewards long service, improves efficiency through new technology and process improvement, and is better aligned to colleagues and overall customer needs. We plan to support this at the right time of the plan by looking at opportunities with apprentices and will continue to support and embrace job share and flexible work opportunities where this allows.

We will identify opportunities to invest in our colleagues' wellbeing, development, and recognition to maintain high levels of engagement. We will identify opportunities to deliver an improving customer experience through our people, and investments in key customer touch points such as onboard ticket machines, app and website support. In addition, we will continue to invest where appropriate in new staff facilities and training.

Through a Diversity and Inclusion strategy, we will ensure we recruit and develop talent from across the region and the different communities we serve.

6.3.3 Re-valuing Tram in the Hearts and Minds of Customers

Integral to the operational delivery approach will also be a drive to better understand our customers as new travel patterns evolve post the pandemic. Our Supertram colleagues already do their best to deliver for customers.

The aim of the delivery plan and the core initiatives within it is to continue to embed a customer centric approach through clear strategy and process. Over subsequent years the aim will be to innovate and think differently about the opportunities for greater transport integration, understand more about customers and their travel patterns and deliver transport that meets their individual needs.

We want customers to revalue the tram and to win over the hearts and minds of the travelling public. As the tram business builds a firm foundation under new governance and ownership, our focus will turn towards exploiting new growth opportunities to return additional value to the taxpayer, drive efficiency and deliver sustainable growth. In doing so, the year 1 delivery plan will seek to re-position tram as part of a wider and integrated public transport offer.

Appendices Overleaf

Appendix 1: Key Performance Indicators

Appendix 2: Annual Delivery Plan Initiatives

Appendix 1: Key Performance Indicators

The key performance indicators are a core part of the delivery plan and the governance approach to the management of the business of the new business as SYMCA take control and builds trust in the new operation, whilst preparing it for future growth.

Figure a) Key performance indicators linked to overall strategic objectives and core business plan focus areas.

Focus Areas	Strategic Objectives	Key Performance Indicator					
Safety and Compliance	Proactive Safety	Safety Audits	Leadership Interventions	Incident Reporting	Close out of Non-Conformancies	Safety Briefings	Safety Culture
	Reactive Safety	RIDDOR Reportable Incidents	Staff Accidents	Passenger Accidents	Assaults		
	Environmental	GHG Emissions (Traction Power)	GHG Emissions (non-Traction Power)	Waste to Landfill			
	Quality	Quality Audits	Non-Conformancies Identified	Close out of Non-Conformancies			
	Customer Experience	Satisfaction	Patronage	Complaints	First Response Time	Resolution Time	Mystery Shopper
	Customer Communications	Website Hits	Social Media Following	Campaigns Delivered	Announcements Made		
Service Performance	Timetable Delivery	Trips Completed vs Planned	Kilometres Lost Due to Driver Availability	First and Last Trams on Time	Driver Turnover	Driver Sickness	
	Revenue Collection	Fares Not Collected	Timetabled Kilometres Operated Without Conductor	On Tram vs Off Tram Sales	Conductor Turnover	Conductor Sickness	
	Vehicle Maintenance	KM Lost Due to Vehicle Availability	Planned Maintenance Delivered in Period (%)	Reactive Maintenance Delivered in Period (%)	Open Work Orders	MDBSF	KM Lost Due to Vehicle Availability
	Infrastructure Maintenance	Planned Maintenance Delivered in Period (%)	Reactive Maintenance Delivered in Period (%)	Open Work Orders	KM Lost Due to Infrastructure Faults		
	Cleaning	Tram Daily Cleans vs Planned (%)	Tram Deep Cleans vs Planned (%)	Tram Stop Daily Cleans vs Planned (%)	Tram Stop Deep Cleans vs Planned (%)	Reactive Work Orders Close Out Time (avg)	
	Engagement	Staff Turnover (%)	Staff Sickness & Absence (%)	Staff Engagement Survey Results			
People & Organisation	Development	PDP's Delivered (vs Planned)	Internal Promotions (no)	Training Days Achieved (vs Planned)			
	Competency	Overall Number of Competencies Out of Date	Safety Critical Competencies Out of Date				

Appendix 2: Annual Delivery Plan Initiatives

These goals and initiatives remain part of the live mobilisation of the current Stagecoach owned business; further details of the delivery plan the goals, initiatives and KPIs will be developed as they become available. Some of the measures suggested below may also impact and influence the ongoing positive communications with Unions regarding TUPE arrangements and staffing prior to transfer.

Figure b) Core measures and interdependencies

OPERATIONAL GOALS	ASSOCIATED KEY PERFORMANCE INDICATORS (KPIs)	OPERATIONAL BUSINESS PLAN INITIATIVES	SUPPORTED BY INITIATIVE OWNER	CONTRACTUAL OBLIGATIONS
TO ENSURE COMPLIANCE WITH THE OPERATIONAL / REGULATORY SPECIFICATION SET OUT BY THE ORR AND OTHER TRAM REGULATORY BODIES TO UNDERPIN SAFETY AND COMPLIANCE.	PRO-ACTIVE AND REACTIVE INDICATORS	INTRODUCTION OF NEW POSTS, NEW MODELS/SMS, TAIR	CONCESSION END TEAM / SYFTL HEAD OF SHEQ	KPI INCLUDED WITHIN ANNUAL DELIVERY PLAN
	% DELIVERY OF PLANNED MAINTENANCE	INTRODUCTION OF ASSET MANAGEMENT SYSTEM	SYFTL HEAD OF ENGINEERING TO DEVELOP FUNCTIONALITY AND PROCESSES TO ENSURE MAXIMUM BENEFIT / EFFICIENCY	KPI INCLUDED WITHIN ANNUAL DELIVERY PLAN
TO DELIVER AN OPERATIONALLY ROBUST, SAFE AND RELIABLE TRAM SERVICE	% DELIVERY OF REACTIVE MAINTENANCE	INTRODUCTION OF ENVIRONMENTAL MANAGEMENT SYSTEM	SYFTL HEAD OF SHEQ	KPI INCLUDED WITHIN ANNUAL DELIVERY PLAN
	% DELIVERY OF CLEANING PLAN	ORGANISATION STRUCTURE, GAP ANALYSIS & RECRUITMENT	FINANCE DIRECTOR	POTENTIAL TO INCLUDE ISO 14001 AS A COMMITTED OBLIGATION
TO RESTORE CUSTOMERS' AND STAKEHOLDERS' CONFIDENCE IN THE TRAM NETWORK, VISIBLY IMPROVING CUSTOMER EXPERIENCE	OUTSTANDING WORK ORDERS	INTRODUCTION OF NEW POSTS, IMPROVED COMPETENCY MANAGEMENT PROCESS, INTRODUCTION OF HR SYSTEM, INTRODUCTION OF ASSET MANAGEMENT SYSTEM	SYFTL HEAD OF ENGINEERING / SYFTL HEAD OF HR	ANNUAL DELIVERY PLAN
	GHG EMISSIONS	ORGANISATION STRUCTURE, GAP ANALYSIS & RECRUITMENT	SYFTL HEAD OF ENGINEERING / SYFTL HEAD OF HR	DELIVERY OF SUPPORT INITIATIVES WITHIN MOBILISATION PLAN AND 100 DAY PLAN
TO DEVELOP AN IMPROVED, SAFE AND VIBRANT PLACE TO WORK FOR COLLEAGUES	WASTE TO LANDFILL	INTRODUCTION OF SMS	MD	DELIVERED AS PART OF MOBILISATION PLAN
	% DELIVERY OF COMMITTED OBLIGATIONS / CORE PROJECTS	INTRODUCTION OF QMS	SYFTL HEAD OF SHEQ	DELIVERED AS PART OF 100 DAY PLAN
TO PROVIDE VALUE FOR MONEY TO THE TAPPAYER, INCLUDING FINANCIAL PRUDENCE, GROWTH IN PATRONAGE, REVENUE PROTECTION OR COST SAVINGS	% OF TIME TABLE DELIVERED	INTRODUCTION OF EMS	SYFTL HEAD OF SHEQ	DELIVERED AS PART OF 100 DAY PLAN
	LOST KILOMETRES	INTRODUCTION OF REPLACEMENT HR SYSTEM	FINANCE DIRECTOR	DELIVERED AS PART OF MOBILISATION PLAN
TO RESTORE CUSTOMERS' AND STAKEHOLDERS' CONFIDENCE IN THE TRAM NETWORK, VISIBLY IMPROVING CUSTOMER EXPERIENCE	SAFETY AUDITS COMPLETED (vs PLANNED)	INTRODUCTION OF DAS	SYFTL HEAD OF SERVICE DELIVERY	DELIVERED AS PART OF MOBILISATION PLAN
	SAFETY INCIDENTS	INTRODUCTION OF EAMS	SYFTL HEAD OF ENGINEERING	DELIVERED AS PART OF 100 DAY PLAN
TO DEVELOP AN IMPROVED, SAFE AND VIBRANT PLACE TO WORK FOR COLLEAGUES	STAFF TURNOVER	INTRODUCTION OF PMS RISK MANAGEMENT TOOL	SYFTL HEAD OF ENGINEERING	DELIVERED AS PART OF 100 DAY PLAN
	STAFF SICKNESS	STAFF ENGAGEMENT, INTRODUCTION OF DAS, INTRODUCTION OF AVL	SYFTL HEAD OF ENGINEERING	DELIVERED AS PART OF 100 DAY PLAN
TO PROVIDE VALUE FOR MONEY TO THE TAPPAYER, INCLUDING FINANCIAL PRUDENCE, GROWTH IN PATRONAGE, REVENUE PROTECTION OR COST SAVINGS	STAFF DEVELOPMENT (POP%)	STAFF ENGAGEMENT, INTRODUCTION OF KPIs	SYFTL HEAD OF HR	KPI INCLUDED WITHIN ANNUAL DELIVERY PLAN
	PATRONAGE GROWTH	MARKETING AND COMMMS DEVELOPMENT INITIATIVES, IMPROVED REVENUE ANALYSIS & FORECASTING, REVENUE GROWTH STRATEGY	SYFTL HEAD OF CUSTOMER, MARKETING & COMMMS	ANNUAL MARKETING & CUSTOMER PLANS REQUIRED AS OPERATING AGREEMENT OBLIGATION. DELIVERY OF PLAN TO BE ADOPTED AS A KPI
TO RESTORE CUSTOMERS' AND STAKEHOLDERS' CONFIDENCE IN THE TRAM NETWORK, VISIBLY IMPROVING CUSTOMER EXPERIENCE	ON-TIME DELIVERY OF MARKETING PLAN	REPLACEMENT HTM, MARKETING (WEBSITE & APP), PROFILING RESEARCH, DELIVERY OF STRATEGY	SYFTL HEAD OF SERVICE DELIVERY	AGREEMENT OBLIGATION. DELIVERY OF PLAN TO BE ADOPTED AS A KPI
	ON-TIME DELIVERY OF CUSTOMER PLAN	STAFF ENGAGEMENT, FARE NON-COLLECTION SURVEY	SYFTL HEAD OF SHEQ / SYFTL HEAD OF HR	PATRONAGE GROWTH TO BE INCLUDED WITHIN ANNUAL PLAN AS A KPI IN ANNUAL DELIVERY PLAN
TO RESTORE CUSTOMERS' AND STAKEHOLDERS' CONFIDENCE IN THE TRAM NETWORK, VISIBLY IMPROVING CUSTOMER EXPERIENCE	UNCOLLECTED REVENUE (%)	MARKETING AND COMMMS DEVELOPMENT INITIATIVES, IMPROVED REVENUE ANALYSIS & FORECASTING, REVENUE GROWTH STRATEGY	SYFTL HEAD OF ENGINEERING	KPI INCLUDED WITHIN ANNUAL DELIVERY PLAN
	TRIPS OPERATED WITHOUT A CONDUCTOR	INTRODUCTION OF POPs	CONCESSION END TEAM / SYFTL MANAGEMENT TEAM	ANNUAL MARKETING / COMMMS / CUSTOMER PLAN REQUIRED AS APPENDIX TO ANNUAL DELIVERY PLAN
TO RESTORE CUSTOMERS' AND STAKEHOLDERS' CONFIDENCE IN THE TRAM NETWORK, VISIBLY IMPROVING CUSTOMER EXPERIENCE	% DELIVERY OF PLANNED MAINTENANCE	REPLACEMENT HTM, MARKETING (WEBSITE & APP), PROFILING RESEARCH, DELIVERY OF STRATEGY	SYFTL HEAD OF SERVICE DELIVERY	AGREEMENT OBLIGATION. DELIVERY OF PLAN TO BE ADOPTED AS A KPI
	PATRONAGE GROWTH	STAFF ENGAGEMENT, FARE NON-COLLECTION SURVEY	SYFTL HEAD OF ENGINEERING	PATRONAGE GROWTH TO BE INCLUDED WITHIN ANNUAL PLAN AS A KPI IN ANNUAL DELIVERY PLAN
TO RESTORE CUSTOMERS' AND STAKEHOLDERS' CONFIDENCE IN THE TRAM NETWORK, VISIBLY IMPROVING CUSTOMER EXPERIENCE	CUSTOMER SATISFACTION	MARKETING AND COMMMS DEVELOPMENT INITIATIVES, IMPROVED REVENUE ANALYSIS & FORECASTING, REVENUE GROWTH STRATEGY	CONCESSION END TEAM / SYFTL MANAGEMENT TEAM	ANNUAL MARKETING / COMMMS / CUSTOMER PLAN REQUIRED AS APPENDIX TO ANNUAL DELIVERY PLAN
	MYSTERY SHOPPER	INTRODUCTION OF NEW POSTS, CUSTOMER RESEARCH AND DATA ANALYSIS, CUSTOMER PLAN, HOUSEKEEPING		
TO RESTORE CUSTOMERS' AND STAKEHOLDERS' CONFIDENCE IN THE TRAM NETWORK, VISIBLY IMPROVING CUSTOMER EXPERIENCE	CUSTOMER SURVEY			
	CUSTOMER COMPLAINTS			
TO RESTORE CUSTOMERS' AND STAKEHOLDERS' CONFIDENCE IN THE TRAM NETWORK, VISIBLY IMPROVING CUSTOMER EXPERIENCE	CUSTOMER POSITIVE FEEDBACK			
	FIRST AND LAST MILE			



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Mayoral Combined Authority Board

09 January 2024

Institutional Investment South Yorkshire Pension Authority

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Governance
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a Key Decision

Director Approving Submission of the Report:
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Report Author(s):
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Executive Summary

This report provides an update on the work being undertaken to attract further investment into South Yorkshire from public and private sources. The report also sets out the proposal to enter into a Memorandum of Understanding with the South Yorkshire Pension Authority.

What does this mean for businesses, people and places in South Yorkshire?

Access to finance is a key building block for economic growth. Attracting more private investment into the region will support existing businesses to thrive and encourage new businesses to locate in South Yorkshire.

Recommendations

1. Note the progress made in the SYMCA's work to attract further investment into South Yorkshire ; and,
2. Agree the proposal to enter into a Memorandum of Understanding with the South Yorkshire Pension Authority.

Consideration by any other Board, Committee, Assurance or Advisory Panel

None.

1. Background

- 1.1 Access to finance is a particular problem for South Yorkshire. Evidence suggests that the region's businesses lack access to both the scope and scale of finance that is required to support growth. This issue inhibits our existing businesses and also serves as a drag on our ability to attract new businesses to the region.
- 1.2 Since this point, significant work has been undertaken to seek to address the conclusions drawn from the Economic Summit and in particular the need to enable greater access to finance.
- 1.3 SYMCA work has highlighted that there are significant opportunities to match the need for investment within South Yorkshire with the need for returns to support the business models of public and private pension funds, insurers, and banks. The MCA has been developing relationships with major institutional investors. Deepening relationships with investors is critical to ensuring that investors can play an active role in the economic growth in the region.
- 1.4 Matching finance to opportunity requires the MCA and partners to act in different ways. At times there may be a requirement for funding support, but at a more sustainable level it requires partners to act as conveners, enablers, and amplifiers of opportunity, developing relationships with businesses in need of finance and those institutions in need of opportunities to invest.
- 1.5 A series of engagement rounds have been undertaken with major institutional investors at the regional and national level, work has been undertaken to map the existing business support ecosystem and identify opportunities for regional level interventions.
- 1.6 To-date this activity has culminated in:
1. The MCA supporting the design of the South Yorkshire Pension Fund's Place Impact Investment Plan, unlocking the potential for up to £0.5bn of investment into the region;
 2. The MCA's first equity investment, with £1.5m invested into Northern Gritstone which aims to support the commercialisation of science and IP-rich businesses based in the North of England;
 3. Decisions taken to deploy earmarked Renewal Action Plan funding to support a pilot Co-Investment Fund aimed at early-stage businesses; and,
 4. Developing the proposal to invest into Bank North, as a South Yorkshire based regional lender, before that opportunity fell away.
 5. Entering into a Strategic Partnership arrangement with Aviva Capital Partner Ltd.
- 1.7 The South Yorkshire Pension Authority has now appointed an internal Investment Manager to support the roll-out of their Place Impact Plan.. Further, during 2024, SYPA are intending to appoint two external investment managers to oversee the delivery of the allocation to Housing and Venture Capital for Small-Medium Enterprises, as part of their investments to deliver Place-based Impact.

1.8 Whilst dialogue is ongoing with other parties as momentum builds towards greater investor interest in South Yorkshire, the MCA is now in a position to enter into a Memorandum of Understanding (MoU) with the South Yorkshire Pension Authority, following on from a similar previous agreement with Aviva Capital Partners Ltd.

1.9 This MoU sets out areas of common interest in which the two parties can work together for mutual benefit but does not commit the MCA to any financial or contractual obligation; nor does it preclude the MCA from entering into similar relationships with other partners. The draft of the MoU is appended to this report for the Board's consideration and agreement. The draft MoU's terms and conditions are currently confidential by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (Information relating to financial/business affairs of a person or Local Authority).

1.10 This is a further example of a number of arrangements that the MCA intends to enter into with financial institutions, strengthening the relationships and growing opportunities that exist between public and private sectors.

2. Key Issues

2.1 This report proposes that the MCA enter into an MoU with the South Yorkshire Pension Authority as part of a broader approach to attracting greater institutional investment to the whole of South Yorkshire. This is the second of potentially several such Partnerships that the MCA is anticipating entering into over-time, to attract greater new private sector investment in support of economic growth and business development.

2.2 The proposed MoU is appended to this report. The MoU focuses on three core areas of common interest:

1. Early stage finance for local businesses to start up and grow;
2. Investment into housing, including affordable and build to rent housing; and
3. Support new commercial development and infrastructure to support regeneration and a net zero transition.

2.3 The MoU seeks to leverage the respective core competencies and capabilities of each party. Whilst the MoU does not commit either party to financial or contractual obligations it does set out a commitment to ways of working to bring the relationship to life on a practical basis. Working more closely with the South Yorkshire Pension Authority should help to limit the calls for publicly funded interventions whilst increasing the quality of propositions and the scale of available finance.

3. Options Considered and Recommended Proposal

3.1 Option 1

To enter into an MoU with the South Yorkshire Pensions Authority.

3.2 Option 1 Risks and Mitigations

The MoU does not commit either party to financial or contractual obligations, nor does it preclude the MCA from entering into similar arrangements with other parties.

The MoU does commit the MCA to ways of working that will be of mutual benefit.

3.3 **Option 2**

Reject the proposal to enter into an MoU with the South Yorkshire Pensions Authority.

3.4 **Option 2 Risks and Mitigations**

Rejecting the proposal would limit the Region's ability to address some of the access-to-finance problems that inhibit growth in South Yorkshire.

3.5 **Recommended Option**

Option 1

4. **Consultation on Proposal**

4.1 None.

5. **Timetable and Accountability for Implementing this Decision**

5.1 The Corporate Director for Growth, Business & Skills will implement the proposal following the Board's agreement.

6. **Financial and Procurement Implications and Advice**

6.1 The proposed MoU does not commit the MCA to any financial obligation. The proposed commitment to ways of working is largely resourced from existing officer time.

6.2 Attracting greater private investment into the Region is critical to ensuring the efficient use of the limited amounts of public funding that is available to support economic growth. Having more and broader private investment will enable the MCA, Local Authorities and partners to be more targeted in how and when public interventions are deployed.

7. **Legal Implications and Advice**

7.1 The MCA has powers and functions related to economic development in reliance on the general power of competence under section 1 of the Localism Act 2011

8. **Human Resources Implications and Advice**

8.1 None.

9. **Equality and Diversity Implications and Advice**

9.1 None.

10. Climate Change Implications and Advice

10.1 The MoU would commit both parties to working together on housing investment opportunities, including environmental mitigations and adaptations.

11. Information and Communication Technology Implications and Advice

11.1 None.

12. Communications and Marketing Implications and Advice

12.1 Any publicity or other related communications will be agreed in writing by both parties prior to issue or release.

List of Appendices Included

A RESTRICTED - Draft Memorandum of Understanding. The draft MoU's terms and conditions are currently confidential by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (Information relating to financial/business affairs of a person or Local Authority)

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Mayoral Combined Authority Board

Tuesday, 09 January 2024

Strategic Place Partnership with Homes England

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Governance
Is this a Key Decision?	No
Has it been included on the Forward Plan of Key Decisions?	Not a Key Decision

Director Approving Submission of the Report:
Tom Bousfield Corporate Director Growth, Business & Skills

Report Author(s):
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Executive Summary

This report outlines a proposal to in principle enter into a Strategic Place Partnership with Homes England. The fundamental purpose of the partnership is to attract further Government and private sector investment into South Yorkshire, build more homes and support place based regeneration.

What does this mean for businesses, people and places in South Yorkshire?

Access to finance is a key building block for inclusive economic growth. Attracting greater investment will support existing businesses to thrive, encourage new businesses to locate in South Yorkshire and build more affordable homes in high quality places to address the region's needs.

Recommendations

Board are asked to:

1. Give in principle agreement to enter into a Strategic Place Partnership with Homes England.

2. Delegate authority to the Head of Paid Service, Section 73 and Monitoring Officer in consultation with the Mayor and Leaders to enter into a Memorandum of Understanding with Homes England to establish a Strategic Place Partnership.

Consideration by any other Board, Committee, Assurance or Advisory Panel

None.

1. Background

- 1.1 Homes England is the Government's housing and regeneration agency with the purpose of accelerating house building and regeneration across the country through a range of partnerships. It seeks to deliver affordable, quality homes in well-designed places that people are proud to live in.
- 1.2 Homes England, working with the Department for Levelling Up, Housing and Communities (DLUHC), is formalising its relationships with those MCA areas with strong ambition for housing and place based growth through the creation of Strategic Place Partnerships. Such partnerships have already been established with neighbouring MCAs as part of Devolution Deals with Government. They signal new ways of working and a move to a more collaborative and flexible solution focussed approach.
- 1.3 A Homes England Strategic Place Partnership would offer an opportunity to lever in further resources and investment into South Yorkshire to build more affordable high quality homes and support regeneration of our cities and towns; creating more sustainable places to also attract and lever in further private sector investment. This would form part of a suite of Place Partnerships the MCA Board will consider into the future, to attract growing levels of public and private investment across South Yorkshire.
- 1.4 This report requests approval to work up details and agree a Memorandum of Understanding with Homes England, including a Terms of Reference for a Partnership Board.

2. Key Issues

- 2.1 The Memorandum of Understanding will be the initial stage in demonstrating commitment to work more closely with Homes England and DHLUC for the benefit of the region; building more homes and regenerating places to create better quality sustainable environments for people to live, work and spend their leisure time.
- 2.2 The Strategic Place Partnership (SPP) would oversee and steer the development of integrated and holistic area-based regeneration solutions and place-based housing growth: maximising and aligning Government and other funding, investment and support, whilst also strengthening the case for greater devolution of housing growth and regeneration powers and funding.
- 2.3 Further details will be developed, however in headline terms, a SPP would be governed by a SPP Board comprised of Homes England, Local Authority and Combined Authority partners alongside other key stakeholders from Government

departments and other bodies. The MCA Board will determine priority areas for investment as the decision making body. The SPP Board would be responsible for setting the strategic direction of the Partnership and providing a forum for liaison between the parties involved in the SPP.

2.4 The Board will not be decision making in terms of investments, as both the MCA and Homes England have current governance structures in place to ensure transparency of investment decisions. The SPP Board will act in an advisory capacity giving oversight to the strategic objectives and focus area activities of the SPP.

2.5 The MoU would seek to leverage the respective core competencies and capabilities of each party. Whilst the MoU would not commit either party to financial or contractual obligations, it would set out a commitment to ways of working between the parties to achieve success in delivering agreed housing and place based outcomes.

2.6 These outputs and outcomes for South Yorkshire could include: Levering in further Homes England and other Government resources and investment into the region;

- Accelerating the building of more affordable high quality homes;
- Providing a Forum for developing and agreeing shared area-based intervention and investment approaches to grow and regenerate places;
- Enabling the region to access a greater 'pool' of development and regeneration related skills and expertise from Homes England to accelerate schemes to development readiness and delivery.
- Sharing development risk and presenting more commercial opportunities to lever in private sector investment and deliver more and better place outcomes.
- Provide opportunities through a tried and tested approach to obtain greater influence over further Homes England and DHLUC investment programmes in South Yorkshire through future Devolution Deals.

2.7 The Strategic Place Partnership would not preclude Local Authorities continuing to have separate individual conversations with Homes England on housing and regeneration activities in local areas.

3. Options Considered and Recommended Proposal

3.1 Option 1

To enter into an MoU with the Homes England to establish a Strategic Place Partnership.

3.4 Option 1 Risks and Mitigations

The MoU would not commit either party to financial or contractual obligations, nor does it preclude the MCA from entering into similar arrangements with other parties.

The MoU would commit the MCA to ways of working that will be of mutual benefit.

3.5 Option 2

Reject the proposal to enter into an MoU with Homes England.

3.8 Option 2 Risks and Mitigations

Rejecting the proposal would limit the Region's ability to access significant further resources and investment of Homes England to the dis-benefit of South Yorkshire.

3.13 **Recommended Option**

Option 1

4. **Consultation on Proposal**

4.1 **None.**

5. **Timetable and Accountability for Implementing this Decision**

5.1 The Head of Paid Service and Corporate Director for Growth, Business & Skills will implement the proposal following the Board's agreement. Delegations will be in line with those identified earlier in the report.

6. **Financial and Procurement Implications and Advice**

6.1 The MoU would not commit SYMCA to any financial obligation. The proposed commitment to ways of working would be largely resourced from existing officer time although further resources may be required to support the SPP arrangement.

6.2 Attracting greater private investment into the Region is critical to ensuring the efficient use of the limited amounts of public funding that is available to support economic growth. Having more and broader Homes England investment will enable SYMCA, Local Authorities and partners to be more targeted in how and when public interventions are deployed.

7. **Legal Implications and Advice**

7.1 SYMCA has powers and functions related to economic development in reliance on the general power of competence under section 1 of the Localism Act 2011

8. **Human Resources Implications and Advice**

8.1 None.

9. **Equality and Diversity Implications and Advice**

9.1 None.

10. **Climate Change Implications and Advice**

10.1 The MoU would commit both parties to working together on housing investment opportunities, including environmental mitigations and adaptations.

11. **Information and Communication Technology Implications and Advice**

11.1 None.

12. **Communications and Marketing Implications and Advice**

12.1 Any publicity or other related communications will be agreed in writing by both parties prior to issue or release.

List of Appendices Included:

- 1 Key Principles and Options
- 2 Extract from GMCA Trailblazer (July 2023)

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Mayoral Combined Authority Board

09 January 2024

Budget Development 2024/25

Is the paper exempt from the press and public?	No
<i>Reason why exempt:</i>	Not applicable
Purpose of this report:	Governance
Is this a Key Decision?	Yes
Has it been included on the Forward Plan?	Not a Key Decision

Director Approving Submission of the Report:
 Gareth Sutton, Executive Director Resources & Investment

Report Author(s):
 Gareth Sutton Executive Director Resources & Investment
 Gareth.sutton@southyorkshire-ca.gov.uk

Executive Summary

This report proposes a transport levy for the year of £56.65m, representing a 2% or £1.1m increase on the previous year.

The report further notes the proposal to maintain local subscriptions at their current level, and the proposal to not set a Mayoral Precept for the forthcoming year.

The report notes that work will continue on budget preparation for wider MCA activity, with the final Revenue Budget and Capital Programme proposals presented to the Board in March 2024.

What does this mean for businesses, people and places in South Yorkshire?

Generating additional resource through local contributions will enable the MCA to continue to invest into transport activity.

Recommendations

1. Approve a 2% increase on the transport levy;
2. Approve the maintenance of local authority subscriptions at current levels;
3. Note the proposal to not set a Mayoral Precept for the coming year; and,

4. Approve the acceptance of £7.80m in BSIP+ Phase 2 funding.

Consideration by any other Board, Committee, Assurance or Advisory Panel

None.

1. Background

- 1.1 Each year the MCA seeks funding contributions from local partners to support its core local transport authority (LTA) activity. These contributions come in the form of the transport levy which must be agreed by the 15th February each year.
- 1.2 Supplementing this, each year the constituent local authorities also provide more limited funding through local subscriptions. This funding supports core activity and serves as match funding for other Government grant streams.
- 1.3 Finally, each year the MCA is also required to consider the need for a precept to support Mayoral activity.
- 1.4 Following a significant amount of engagement since May, this report recommends the approval of a transport levy set at £56.65m, raising an additional £1.1m of funding. This will enable the MCA to continue its current strategy of using reserves, short-term Government funding, and locally raised resource to protect as much of the transport network as possible.
- 1.5 The report notes that the proposed rise, along with further sustained incremental rises up to the end of the decade, will support pre-emergency levels of spending power but will not be enough to sustain the current network once Government funding is withdrawn and reserves are exhausted. The scale of emergency funding supporting the network – c. £10m p/a - cannot be sustained without long-term Government support.
- 1.6 Finally, this report proposes not to set a Mayoral precept for financial year 2024/25. This reflects the Mayor's manifesto commitments and the forthcoming Mayoral election in May 2024.
- 1.7 This report proposes that the costs of the Mayoral office continue to be met from the Mayoral Capacity Fund (MCF) grant received from Government.
- 1.8 Whilst this report seeks to fix a number of core locally generated income streams, work will continue to develop the wider non-transport elements of the MCA's budget. These proposals are largely shaped by the funding made available by Government and at the time of writing uncertainty remained around a number of grant funding streams.
- 1.9 Final revenue budget and capital programme proposals will be presented to the Board at the March meeting.

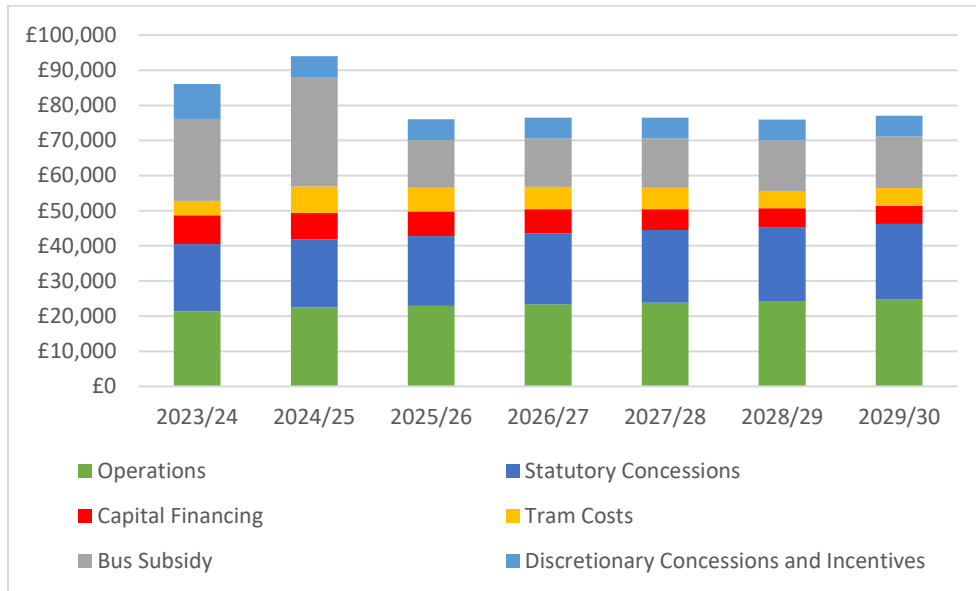
2. Key Issues

South Yorkshire Transport Activity

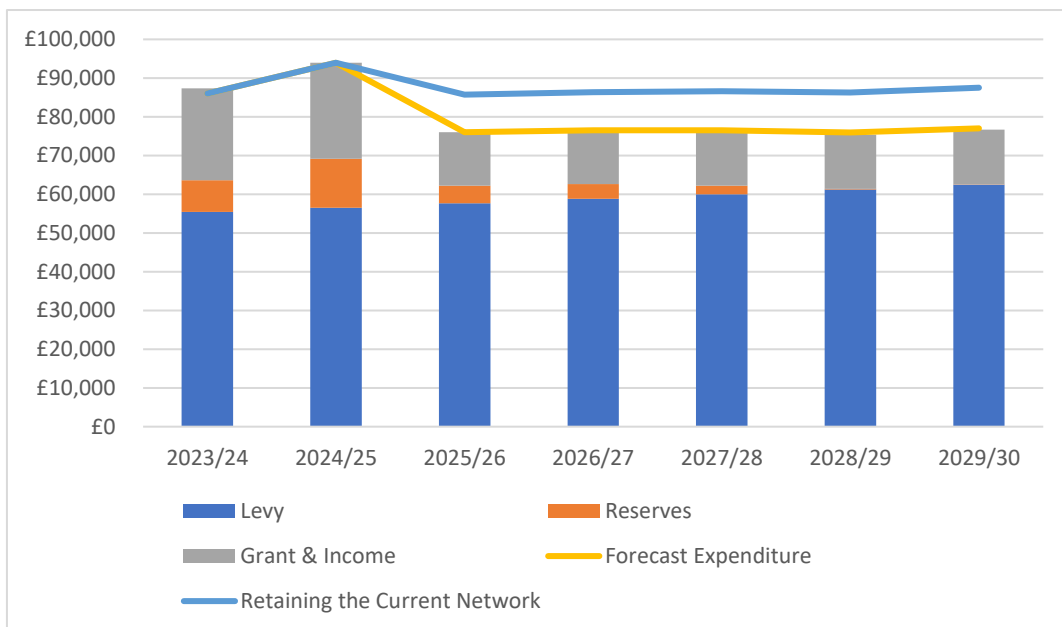
- 2.1 Since the start of the financial year engagement with the South Yorkshire Directors of Finance Group has been used to develop budget plans for the forthcoming year.
- 2.2 These plans are largely shaped by the multi-year Medium-Term Financial Strategy (MTFS) adopted in the prior planning period and decisions that have been taken during the current year.
- 2.3 The underlying MTFS is predicated on the desire to protect as much of the transport network as possible for as long as possible. This desire reflects that, as patronage levels have failed to recover to pre-pandemic levels, many services are now commercially unviable and require public subsidy to be run.
- 2.4 The MTFS therefore seeks to address a number of core challenges:
 1. Sustaining emergency support to the network through subsidised services and fare incentives;
 2. Managing a material change in the cost-base as the MCA takes tram operations under public control and becomes liable for subsidy pressures;
 3. Managing significant inflationary pressures; and
 4. Managing the loss in the medium-term of reserves that have sustained the budget over the last decade.
- 2.5 To meet these challenges the MTFS seeks to:
 1. Match short-term Government funding to emergency interventions;
 2. Use earmarked reserves and locally generated income to increase the amount of resource available for emergency interventions and patronage priming measures;
 3. Ensure there is an equitable balance in the level of subsidy paid for discretionary concessions;
 4. Begin to increase the levy in affordable increments to mitigate inflationary pressures and diminishing reserves; and,
 5. Reduce the cost-base where possible through efficiencies and the reduction of fixed costs such as debt payments.
- 2.6 In the current year this approach has led to a 2% increase in the transport levy, a decrease in the level of subsidy paid for under-18 concessions, and the commitment of reserves and known Government funding to a two-year emergency support package. Through the early repayment of debt and a number of other interventions recurring savings of c. £1.15m have also been generated.
- 2.7 These mitigations have, in part, been offset by inflation running above forecasts provided by the Bank of England and Office for Budget Responsibility.
- 2.8 This report proposes progressing with the planned increase of 2% on the transport levy in line with the MTFS forecasts. In the immediate term this, along with the savings generated and the planned use of reserves and available Government funding, will allow the MCA to sustain its two-year emergency support package.
- 2.9 In line with the core assumptions of the MTFS, however, without sustained Government funding this level of support cannot be maintained beyond financial year 2024/25. Once reserves earmarked to support tendered services are exhausted and Government funding is withdrawn, the MCA's ability to continue to

subsidise commercially unviable routes at the current elevated levels will be compromised.

2.10 The following chart exemplifies forecast movements within the cost-base. The graphic highlights the likely peak in expenditure in the forthcoming year as reserves and grant funding allow for an elevated level of expenditure on bus subsidies before this falls away as reserves are exhausted and grant is withdrawn:



2.11 The following chart highlights sustainability challenges, with reserves and grant income reducing significantly from 2024/25 onwards. This exemplifies that the current network cannot be sustained without additional funding:



2.12 During engagement sessions with Directors of Finance and Leaders this medium to long-term picture has been exemplified with a number of policy options presented that could generate additional resource. The MCA can consider whether to implement these and when at a later date. Ultimately, however, the scale of the challenge required to backfill the loss of emergency funding is beyond local means

and will require national intervention or a move to a fundamentally different way of delivering transport activity.

- 2.13 A key consideration in coming months will be around the use of the one-year BSIP+ Phase 2 funding (£7.8m) that will be received in 2024/25. How this is used in conjunction with reserve contributions and other local income whilst considering future aspirations and the need to avoid exacerbating sustainability considerations is particularly important.
- 2.14 Work continues to lobby Government for an appropriate long-term revenue funding settlement for South Yorkshire akin to that received by peer authorities, whilst the MCA also continues to explore whether the control that bus franchising would afford could support the delivery of a more efficient and cost-effective network.
- 2.15 Budget detail, including multi-year projections, are provided within Appendix 1.

Mayoral Precept

- 2.16 Each year the MCA is required to consider the requirement for a Mayoral Precept to support Mayoral activity.
- 2.17 This report proposes that no precept is raised for financial year 2024/25. This recognises the Mayor’s manifesto commitment and the forthcoming election in May 2024.
- 2.18 The costs of the Mayoral Office will be met from the Mayoral Capacity Funding (MCF) grant. As in previous years, £1m is expected to be received in a one-year settlement.

Levy and Local Subscriptions

- 2.19 The costs of the levy and local subscriptions are distributed on a per capita basis. Based on known estimates, the distribution of levy costs are forecast to be as follows:

		2023/24		2024/25
	Share %	Levy £'000	Increase £'000	Levy £'000
BMBC	17.53%	£9,721	£194	£9,915
CDC	22.10%	£12,255	£245	£12,500
RMBC	18.73%	£10,386	£208	£10,594
SCC	41.64%	£23,090	£462	£23,552
		£55,451	£1,109	£56,560

- 2.20 Subscription costs would be distributed as following:

	Share %	Subs. £'000
BMBC	17.53%	£208
CDC	22.10%	£262
RMBC	18.73%	£222
SCC	41.64%	£493
		£1,184

3. Options Considered and Recommended Proposal

3.1 Option 1

Approve the recommendations for a 2% levy increase, maintenance of local subscriptions and the proposal to not set a Mayoral precept.

3.4 Option 1 Risks and Mitigations

The funding recommendations are in line with the adopted MTFS and consistent with briefing that has been undertaken throughout the year.

The report highlights that this level of resource is insufficient to maintain the current network into the future. A higher level of resource would allow for more services to be retained.

3.5 Option 2

Reject the proposals and reduce the level of funding.

3.8 Option 2 Risks and Mitigations

A lower level of funding would limit the amount of support the MCA could provide to the transport network. This would likely have negative impacts for the region's communities.

3.9 Option 3

Reject the proposals and increase the level of funding.

3.12 Option 3 Risks and Mitigations

Greater resource would allow the MCA to invest more into transport priorities. Further resource would, however, place unplanned pressure on local authority partner budgets.

3.13 Recommended Option

Option 1

4. Consultation on Proposal

4.1 Bi-monthly engagement sessions with the South Yorkshire Directors of Finance Group have been undertaken throughout the year.

4.2 One-to-one engagement sessions have been held with the Mayor of the City of Doncaster (5th December), the Leader of Rotherham MBC (4th December) and the Leader of Sheffield City Council (4th December). An engagement session with the Leader of Barnsley MBC is diarised for the 18th December.

5. Timetable and Accountability for Implementing this Decision

5.1 The Executive Director Resources & Investment will begin the implementation of the recommendations immediately.

6. Financial and Procurement Implications and Advice

6.1 This is a financial report the details of which are included in the main body and the appendices.

7. Legal Implications and Advice

7.1 The transport levy must be agreed under by the 15th February.

8. Human Resources Implications and Advice

8.1 None.

9. Equality and Diversity Implications and Advice

9.1 None.

10. Climate Change Implications and Advice

10.1 Investing into public transport is a key tenet of the region's net zero ambitions.

11. Information and Communication Technology Implications and Advice

11.1 None.

12. Communications and Marketing Implications and Advice

12.1 None.

List of Appendices Include

- A Budget Detail
- B Programme Approvals Report

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Table 1: South Yorkshire Transport Medium Financial Strategy Forecasts

	Budget	Rev 1	Rev 2	Rev 3	Variance	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£'000	Forecast	Forecast	Forecast	£'000	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mandatory & Discretionary Expenditure											
ENCTS/Mobility Concessions	£18,074	£19,074	£19,074	£19,339	-£1,265	£19,726	£20,120	£20,523	£20,933	£21,352	£21,779
Financial Obligations											
Interest on Debt	£4,794	£4,589	£3,276	£3,276	£1,518	£2,497	£2,262	£2,027	£1,225	£680	£534
Depreciation	£7,476	£0	£0	£0	£7,476						
MRP	£3,380	£3,824	£3,824	£3,824	-£444	£3,838	£3,868	£3,901	£3,937	£3,975	£4,017
Appropriation	£397	£397	£397	£397	£0	£345	£249	£219	£148	£0	£0
Tram Access	£1,500	£1,500	£1,500	£1,500	£0	£0	£0	£0	£0	£0	£0
Pensions	£720	£720	£720	£720	-£0	£705	£691	£677	£664	£651	£638
	£18,267	£11,030	£9,717	£9,717	£8,550	£7,386	£7,071	£6,825	£5,973	£5,306	£5,189
Discretionary Expenditure											
Child Concessions	£4,241	£4,241	£4,241	£4,093	£148	£3,293	£3,293	£3,293	£3,293	£3,293	£3,293
£2 Fare Cap	£0	£500	£500	£500	-£500	£0	£0	£0	£0	£0	£0
18-21 Concession	£500	£520	£520	£520	-£20	£0	£0	£0	£0	£0	£0
Tram Project	£1,500	£2,176	£2,635	£2,620	-£1,120	£500	£0	£0	£0	£0	£0
Assumed Tram Operating Loss - Unmitigated	£0	£0	£0	£0	£0	£7,064	£6,757	£6,350	£6,048	£4,997	£4,997
Community Transport	£1,657	£1,657	£1,657	£1,657	£0	£1,657	£1,657	£1,657	£1,657	£1,657	£1,657
Transport Innovation Fund	£0	£0	£3,000	£3,000	-£3,000	£0	£0	£0	£0	£0	£0
Tendered Bus Services (Gross Expenditure)	£18,754	£23,301	£23,301	£23,301	-£4,547	£31,202	£13,569	£13,840	£14,117	£14,400	£14,688
<i>General Network (Committed)</i>		£11,250	£11,250	£11,250		£9,700	£0	£0	£0	£0	£0
<i>Schools (Committed)</i>		£4,050	£4,050	£4,050		£3,320	£0	£0	£0	£0	£0
Proposals		£8,001	£8,001	£8,001		£18,182	£549	£0	£0	£0	£0
<i>Service extensions to Sep 2023</i>		£1,920	£1,920	£1,920		£0	£0	£0	£0	£0	£0
<i>Remaining Daytime General Network</i>		£1,258	£1,258	£1,258		£2,181	£0	£0	£0	£0	£0
<i>Extend Non-Statutory School Services to July 2025</i>		£0	£0	£0		£1,606	£549	£0	£0	£0	£0
<i>End Zoom Beyond in November</i>		£400	£400	£400		£0	£0	£0	£0	£0	£0
<i>Extend Fare Cap on Tram to October 2024 (£2/£3/£2.80)</i>		£510	£510	£510		£339	£0	£0	£0	£0	£0
<i>Additional contribution to services</i>		£510	£510	£510		£339	£0	£0	£0	£0	£0
<i>Available funding 2024-25</i>		£0	£0	£0		£7,820	£0	£0	£0	£0	£0
<i>Protect Evening Services</i>		£2,285	£2,285	£2,285		£3,962	£0	£0	£0	£0	£0
<i>Protect Sunday Services</i>		£1,118	£1,118	£1,118		£1,935	£0	£0	£0	£0	£0
	£26,652	£32,395	£35,854	£35,692	-£9,039	£43,716	£25,276	£25,141	£25,115	£24,347	£24,635

Operational Departments												
Customer Services	£2,306	£2,141	£2,253	£2,281	£24	£2,395	£2,443	£2,492	£2,542	£2,593	£2,645	
Public Transport	£15,390	£14,907	£14,802	£14,812	£578	£15,553	£15,864	£16,181	£16,505	£16,835	£17,172	
Support Departments	£3,451	£4,437	£4,331	£4,440	-£990	£4,662	£4,756	£4,851	£4,948	£5,047	£5,148	
	£21,147	£21,485	£21,386	£21,534	-£387	£22,611	£23,063	£23,524	£23,995	£24,475	£24,964	
Overall Transport Total	£84,140	£83,984	£86,031	£86,282	-£2,142	£93,439	£75,531	£76,013	£76,016	£75,479	£76,567	
Funded by:												
Transport Levy	£55,451	£55,451	£55,451	£55,451	£0	£56,560	£57,691	£58,845	£60,022	£61,222	£62,447	
Government Grant	£12,966	£10,982	£10,982	£10,982	£1,984	£17,168	£6,197	£6,197	£6,197	£6,197	£6,197	
<i>Devolved BSOG</i>	<i>£1,127</i>	<i>£1,127</i>	<i>£1,127</i>	<i>£1,127</i>	<i>£0</i>	<i>£1,127</i>	<i>£1,127</i>	<i>£1,127</i>	<i>£1,127</i>	<i>£1,127</i>	<i>£1,127</i>	
<i>LTF 4</i>	<i>£0</i>	<i>£1,634</i>	<i>£1,634</i>	<i>£1,634</i>	<i>-£1,634</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	
<i>BSIP+</i>	<i>£0</i>	<i>£3,151</i>	<i>£3,151</i>	<i>£3,151</i>	<i>-£3,151</i>	<i>£10,971</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	
<i>PFI Credits</i>	<i>£3,860</i>	<i>£3,860</i>	<i>£3,860</i>	<i>£3,860</i>	<i>£0</i>	<i>£3,860</i>	<i>£3,860</i>	<i>£3,860</i>	<i>£3,860</i>	<i>£3,860</i>	<i>£3,860</i>	
<i>Deferred Capital Grant</i>	<i>£6,769</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£6,769</i>							
<i>Other</i>	<i>£1,210</i>	<i>£1,210</i>	<i>£1,210</i>	<i>£1,210</i>	<i>£0</i>	<i>£1,210</i>	<i>£1,210</i>	<i>£1,210</i>	<i>£1,210</i>	<i>£1,210</i>	<i>£1,210</i>	
General Commercial Income	£6,805	£12,768	£12,768	£14,007	-£7,202	£7,112	£7,169	£7,226	£7,285	£7,345	£7,407	
<i>Commission on ticket sales</i>	<i>£200</i>	<i>£200</i>	<i>£200</i>	<i>£280</i>	<i>-£80</i>	<i>£280</i>	<i>£280</i>	<i>£280</i>	<i>£280</i>	<i>£280</i>	<i>£280</i>	
<i>Rents</i>	<i>£481</i>	<i>£481</i>	<i>£481</i>	<i>£481</i>	<i>£0</i>	<i>£481</i>	<i>£481</i>	<i>£481</i>	<i>£481</i>	<i>£481</i>	<i>£481</i>	
<i>Service Charges</i>	<i>£2,580</i>	<i>£2,580</i>	<i>£2,580</i>	<i>£2,730</i>	<i>-£150</i>	<i>£2,830</i>	<i>£2,887</i>	<i>£2,944</i>	<i>£3,003</i>	<i>£3,063</i>	<i>£3,125</i>	
<i>Car Parking (Inc P&R)</i>	<i>£48</i>	<i>£48</i>	<i>£48</i>	<i>£48</i>	<i>£0</i>	<i>£48</i>	<i>£48</i>	<i>£48</i>	<i>£48</i>	<i>£48</i>	<i>£48</i>	
<i>Investment income</i>	<i>£1,000</i>	<i>£5,000</i>	<i>£5,000</i>	<i>£5,320</i>	<i>-£4,320</i>	<i>£1,000</i>	<i>£1,000</i>	<i>£1,000</i>	<i>£1,000</i>	<i>£1,000</i>	<i>£1,000</i>	
<i>Departure Charges</i>	<i>£946</i>	<i>£946</i>	<i>£946</i>	<i>£690</i>	<i>£256</i>	<i>£636</i>	<i>£636</i>	<i>£636</i>	<i>£636</i>	<i>£636</i>	<i>£636</i>	
<i>Zero fare pass income</i>	<i>£1,550</i>	<i>£1,550</i>	<i>£1,550</i>	<i>£1,550</i>	<i>£0</i>	<i>£1,550</i>	<i>£1,550</i>	<i>£1,550</i>	<i>£1,550</i>	<i>£1,550</i>	<i>£1,550</i>	
<i>Operational Income</i>	<i>£0</i>	<i>£1,163</i>	<i>£1,163</i>	<i>£2,108</i>	<i>-£2,108</i>	<i>£287</i>	<i>£287</i>	<i>£287</i>	<i>£287</i>	<i>£287</i>	<i>£287</i>	
<i>Notified Fare to £1</i>	<i>£0</i>	<i>£800</i>	<i>£800</i>	<i>£800</i>	<i>-£800</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	
Reserves	£8,918	£7,787	£8,188	£7,853	£1,065	£12,599	£4,474	£3,744	£2,293	£148	£148	
<i>Tram Project Reserve</i>	<i>£1,500</i>	<i>£2,176</i>	<i>£2,635</i>	<i>£2,620</i>	<i>-£1,120</i>	<i>£500</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	
<i>18-21 Concession Reserve</i>	<i>£500</i>	<i>£520</i>	<i>£520</i>	<i>£520</i>	<i>-£20</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	
<i>£2 Fare Cap Reserve</i>	<i>£0</i>	<i>£500</i>	<i>£500</i>	<i>£500</i>	<i>-£500</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	
<i>Protection of Priority Services Reserve</i>	<i>£6,860</i>	<i>£4,533</i>	<i>£4,533</i>	<i>£4,213</i>	<i>£2,647</i>	<i>£7,539</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	<i>£0</i>	
<i>Levy Reduction Reserve</i>	<i>£58</i>	<i>£58</i>	<i>£0</i>	<i>£0</i>	<i>£58</i>	<i>£4,560</i>	<i>£4,474</i>	<i>£3,744</i>	<i>£2,293</i>	<i>£148</i>	<i>£148</i>	
Total	£84,140	£86,988	£87,389	£88,293	-£4,153	£93,439	£75,531	£76,013	£75,797	£74,913	£76,199	
Surplus/Deficit	£0	£3,004	£1,358	£2,012	£2,011	£0	£0	-£0	-£219	-£566	-£368	

Table 2: Levy Reduction Reserve Forecasts

Levy Reduction Reserve	2023/24 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Balance b/f	£12,098	£9,895	£5,669	£2,145	£0	£0
Contribution	£2,011	£249	£219	£148	£148	£148
Draw	£0	-£4,474	-£3,744	-£2,293	-£148	-£148
Balance c/d	£14,109	£5,669	£2,145	-£0	£0	£0

Table 3: Protection of Priority Services Reserve Forecasts

Protection of Priority Services Reserve	2023/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Balance b/f	£7,000	£11,752	£7,539	£0	£0	£0
Contribution	£4,752	£0	£0	£0	£0	£0
Draw	£0	-£4,213	-£7,539	£0	£0	£0
Balance c/d	£11,752	£7,539	£0	£0	£0	£0

Table 4: Planned Levy Increases

Levy Increases	Percent.	2023/24 £'000	2024/25 £'000	2025/26 £'001	2026/27 £'002	2029/30 £'005	2028/29 £'006	2029/30 £'007
2023/24	2.00%	£1,087	£1,087	£1,087	£1,087	£1,087	£1,087	£1,087
2024/25	2.00%		£1,109	£1,109	£1,109	£1,109	£1,109	£1,109
2025/26	2.00%			£1,131	£1,131	£1,131	£1,131	£1,131
2026/27	2.00%				£1,154	£1,154	£1,154	£1,154
2027/28	2.00%					£1,177	£1,177	£1,177
2028/29	2.00%						£1,200	£1,200
2029/30	2.00%							£1,224
Cumulative Increase		£1,087	£2,196	£3,327	£4,481	£5,658	£6,858	£8,083
Total Levy		£55,451	£56,560	£57,691	£58,845	£62,447	£61,222	£62,447

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Mayoral Combined Authority Board

09 January 2024

Programme Approvals

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Funding Decision
Is this a Key Decision?	No
Has it been included on the Forward Plan?	No

Director Approving Submission of the Report:

Gareth Sutton, Executive Director Resources & Investment

Report Author(s):

Sue Sykes, Assistant Director Funding, Monitoring & Reporting
Sue.Sykes@southyorkshire-ca.gov.uk

Executive Summary

This report seeks:

1. Approval of two project change requests;
2. To provide an update on the ZEBRA 2 submission to DfT and requests approval to accept any resulting grant;
3. To provide an update on Project O0214 and request acceptance of grant award.
4. Acceptance of additional highways maintenance and traffic signal obsolescence grants and onward award; and,
5. Progression of one investment scheme subject to conditions set out in the Assurance Summary

What does this mean for businesses, people and places in South Yorkshire?

This report is seeking approval for one change request, one scheme investment, and to enter into contracts for investment proposals which will support the MCA's aspirations.

Recommendations

This report recommends that the Board considers:

- a. Approval of a SYMCA led project change request for “Zero Emission Buses” and commitment of a further £0.28m to be funded from the CRSTS ZEBRA allocation, as detailed in 1.3
- b. Approval of a Barnsley Metropolitan Borough Council led project change request for “Market Gate Bridge” and commitment of a further £1m to be funded from recycled Local Growth Fund, as detailed in 1.4
- c. Note the update on the ZEBRA 2 submission to DfT and requests approval to accept any resulting grant.
- d. Note the update on Project O0214 detailed in Appendix B and request acceptance of grant award.
- e. Acceptance of £3.99m of additional highways capital maintenance funding from DfT and onward award.
- f. Acceptance of £0.33m of Traffic Signal Obsolescence grant funding from DfT and onward award.
- g. Progression of “Bike Works Active Travel Hub” from Outline Business Case to Full Business Case and in principle approval to award £0.95m to Barnsley Metropolitan Borough Council subject to the conditions set out in the Assurance Summary
- h. Delegate authority to the Head of Paid Service in consultation with the Section 73 and Monitoring Officer to enter into legal agreements for the schemes above

Consideration by any other Board, Committee, Assurance or Advisory Panel

Programme Board

22 November 2023

Programme Board

06 December 2023

1. Background

- 1.1 This report seeks approval from the MCA Board for a project change request of one capital scheme, progression of one investment scheme, acceptance of three grant awards, onward award and note the submission of a proposal to DfT for ZEBRA 2 and acceptance of any subsequent grant award. These requests reflect a time-critical opportunity.
- 1.2 Further details are provided on the proposals in the main body of the report.

Project change Request Approval

- 1.3 **South Yorkshire Mayoral Combined Authority
Zero Buses Emissions
Additional Funding Request: £0.28m**

In July 2022 the MCA were awarded £8.35m of ZEBRA funding and £2.68m of CRSTS funding to provide a boost to the region’s strategic aims, with the first phase of a transition to Zero Emission buses in South Yorkshire.

The project introduced 27 new single decker electric buses and the related infrastructure which will contribute to improving local air quality across the region and as such. The project will deliver health benefits through the replacement of diesel buses with electric, improving the lives of commuters, residents, and workers along the proposed corridors for the ZEBs.



As part of the project a budget estimate was included in the business case for power upgrades by Northern Power Grid. Further work has, however, identified that more power is needed at Rotherham Interchange than previously envisaged resulting in the need for an additional substation at a cost of £0.28m.

Without additional resource the project cannot proceed as planned. This report proposes that £0.28m be allocated from uncommitted elements of the CRSTS funding set aside for ZEBRA activity.

The current CRSTS programme has £6.83m allocated to the ZEBRA project with only £2.68m is currently committed. Should the Board approve the use of this resource £3.87m will remain available for further activity.

1.4 **Barnsley Metropolitan Borough Council Market Gate Bridge Additional Funding Request: £1m**

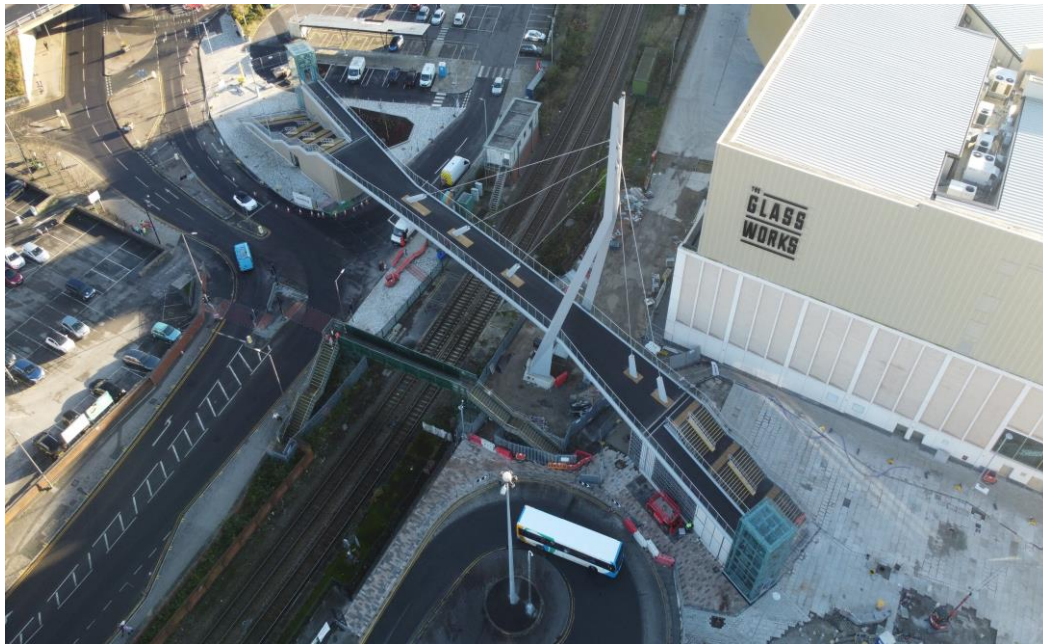
In July 2021 the MCA approved the Market Gate Bridge Scheme with funding from the Transforming Cities Fund (£2.8m) and Getting Britain Building Fund (£2m) programmes.

Due to extensive delays caused by the main contractor going into administration and diversion of uncharted gas mains the scheme encountered increased costs and additional works which resulted in an additional request of £3.1m from Gainshare funding, which was approved by the MCA.

As the construction of the Barnsley town centre pedestrian bridge and associated public realm improvements nears completion, the project has experienced a number of changes to the specification and construction detail. These can be categorised as follows;

- changes to the drainage detail in and around the public realm;
- changes to the hard and soft landscape finishes;
- vehicle / pedestrian incursion measures;
- make up and fill detail to address level differences; and,
- extension of time for professional fees, temporary bridge and football traffic management.

These variances have become apparent as construction activity in these areas nears conclusion and additional funding of £1m is now sought to facilitate the scheme's conclusion.



Without additional resource the project cannot proceed as planned. This report proposes that £1m be allocated from recycled Local Growth Fund allocated to Barnsley based activity. Additional funding at this level does not materially affect the benefit cost ratio, with the scheme continuing to represent value for money.

Submission of Funding Proposals

1.5 Department for Transport ZEBRA 2 Proposal Proposal Value - £8.92m

The Government's Zero Emission Bus Regional Areas 2 (ZEBRA2) fund launched in September 2023 and is aimed at supporting the transition of diesel bus fleets to zero emission alternatives. This is the second round of ZEBRA funding to be released by the Department for Transport (DfT). SYMCA successfully secured 27 buses through the previous round.

As the Local Transport Authority (LTA), SYMCA can bid for one application to the ZEBRA2. A bid can only be made if there is a willing operator – or multiple willing operators - as they will be required to operate, maintain and fund the majority of the vehicle purchase, with ZEBRA2 funding comprising 75% of the additional cost difference between a diesel and an electric bus.

In South Yorkshire, First and Stagecoach have both expressed interest in applying with SYMCA for ZEBRA2 funding. Stagecoach can financially support an application for their Holbrook and Ecclesfield depots in Sheffield and First can support a bid for their depot in Doncaster, both to transition to EV operation. There is no match funding proposed from SYMCA, with the operators meeting the additional 25% required to purchase the vehicles and supporting infrastructure.

The proposal has support of the Portfolio lead for Transport and the 4 South Yorkshire Local Authorities.

This report seeks approval to accept any funding should the submitted bid be successful.

Grant Acceptance and Onward Award

1.6 Department for Transport Additional Highways Capital Maintenance Funding Acceptance of £3.99m and Onward Award

On 4 October 2023, the government announced £8.3 billion of additional highways maintenance funding over the period 2023 to 2024 and the next 10 years for local road resurfacing and wider maintenance activity on the local highway network. This funding is in addition to local transport funding from the last Spending Review and in addition to what LAs were expecting in future.

The settlement letter advises that the funding is for local highways maintenance, particularly for the resurfacing of carriageways, cycleways, and footways to prevent potholes and other road defects from occurring, as well as tackling other asset management priorities, such as keeping local bridges and other highway structures open and safe. This is consistent with South Yorkshire's deployment of previous maintenance allocations (including current CRSTS).

South Yorkshire Mayoral Combined Authority has been allocated £1.99m for financial year 2023-24 and a further £1.99m for 2024-25. Due to the Streets Ahead PFI arrangement the region's allocation does not include resource for Sheffield City Council.

Funding for places that receive CRSTS funding will be included within total CRSTS allocations, once finalised, and are additional to both existing CRSTS1 funding and the indicative further CRSTS allocations announced on 4 October 2023.

The funding will result in the following allocations:

Local Authority	2023/24	2024/25
Barnsley Metropolitan Borough Council	£602,175	£602,175
City of Doncaster Council	£801,010	£801,010
Rotherham Metropolitan Borough Council	£590,815	£590,815

1.7 Department for Transport Traffic Signal Obsolescence Grant Acceptance of £0.325m and Onward Award

On 14th November 2023, the Government announced an automatic allocation of £10m of Traffic Signal Obsolescence grant to be shared across all local authorities and MCAs who are, or prior to CRSTS allocations were, in receipt of Integrated Transport Block (ITB) annual awards for maintenance.

From this SYMCA have been allocated £325k in financial year 2023/24. Due to the Streets Ahead PFI arrangement the region's allocation does not include resource for Sheffield City Council.

The funding will result in the following allocations:

Local Authority	2023/24
Barnsley Metropolitan Borough Council	£98,178
City of Doncaster Council	£130,596
Rotherham Metropolitan Borough Council	£96,236

Business Case Scheme Approval

1.8 Barnsley Metropolitan Borough Council (BMBC) Bike Works Active Travel Hub (CRSTS03-3) Progression to FBC and In-Principle Approval of Funding

BMBC are seeking £0.95m capital grant to support this town centre Active Travel scheme.

In January 2023 the MCA approved £2.1m capital grant for the Outline Business Case (OBC) for the Barnsley Town Centre Active Travel Hub (ATH). The ATH was planned to be in the County Way car park and was going to replace the existing Hub at Barnsley Interchange, as part of the ambitious plans for the The Seam at Barnsley Digital Campus. BMBC have since determined the project no longer viable and have provided an updated OBC for consideration.

The new proposal has been developed to increase / improve the offer in the existing Active Travel Hub at Barnsley Interchange by expanding into adjacent vacant units, reconfiguring the space, taking the running of the Hub into the Councils operation and undertaking a refurbishment / rebranding exercise with new stock and facilities.



Benefits and Outcomes:

- Provision of extending, refurbishing, rebranding and restocking the existing Active Travel Hub at the Interchange

- Provision of new bikes, e-bikes and ancillary equipment (helmets, fobs etc)
- Update / restock of bike repair equipment
- New computer systems for booking
- 60% increase in cycle trips through loaned bikes

Appendix A provides a summary of the project assurance and any suggested conditions of award.

2. Options Considered and Recommended Proposal

2.1 Option 1

Approve all recommendations.

2.2 Option 1 Risks and Mitigations

Approval of the progression of the investment propositions will result in a commitment being made against the programme budget and continuation of activity.

2.3 Option 2

Reject some, or all, of the recommendations.

2.4 Option 2 Risks and Mitigations

Rejection of the recommendations in this report would mean the region foregoing the forecast benefits arising from the investment and the delivery of the activity at risk.

2.5 Recommended Option

Option 1

3. Consultation on Proposal

3.1 Discussions for this proposal has continued with the Portfolio Leads and SYMCA business partners.

4. Timetable and Accountability for Implementing this Decision

4.1 Subject to the approval of the recommendations and approval by the MCA, the Head of Paid Service in consultation with the Section 73 Officer and Monitoring Officer will progress to enter into legal agreements for the schemes.

5. Financial and Procurement Implications and Advice

5.1 All proposals presented within this report can be fully funded from available grant resource.

6. Legal Implications and Advice

6.1 The legal implications of the proposal have been fully considered by a representative of the Monitoring Officer.

7. Human Resources Implications and Advice

7.1 None.

8. Equality and Diversity Implications and Advice

8.1 Equality and diversity implications are taken into account as part of the proposal considerations

9. Climate Change Implications and Advice

9.1 Climate change implications are considered as part of the proposal considerations.

10. Information and Communication Technology Implications and Advice

10.1 None

11. Communications and Marketing Implications and Advice

11.1 The approval provides positive opportunities to highlight the difference the MCA's investments will make to people and places across South Yorkshire and how Members are taking action to support the region's recovery from COVID.

List of Appendices Included

Appendix A – Assurance Summary - Bike Works Active Travel Hub

Appendix B – Project Oo214 Detail

Background Papers

None.

1 – SCHEME DETAILS

Project Name	Bike Works Active Travel Hub – Barnsley Town Centre (previously known as The Seam ATH) – CRSTS03-3	Type of funding	Grant
Grant Recipient	Barnsley Metropolitan Borough Council	Total Scheme Cost	£951,373
MCA Executive Board	n/a	MCA Funding	£951,373
Programme name	CRSTS	% MCA Allocation	100%
Current Gateway Stage	OBC resubmission	MCA Development costs	£288,000
		% of total MCA allocation	30% (of current scheme value)

2 – PROJECT DESCRIPTION

Is it clear what the MCA is being asked to fund?

In January '23 the MCA approved the OBC for the Barnsley Town centre Active Travel Hub (ATH) with a value £2.1m and awarded development funds of £240k. The ATH was planned to be in the County Way car park as part of a new masterplan for the area known as 'The Seam'. The new ATH was going to replace the existing ATH at Barnsley Interchange, as part of ambitious plans for 'The Seam' at Barnsley's Digital Campus. However, since the submission of the OBC, Barnsley Council has determined that the Seam project is no longer financially viable and the project has closed, so the proposal for the new ATH in this location has also had to be shelved.

Recognising that there is still a need to enhance the active travel offer in the town centre and change the way the existing ATH is operated, the proposal has been developed to increase / improve the offer in the existing Active Travel hub at the Interchange by expanding into adjacent vacant units, reconfiguring the space, taking the running of the Hub into the Councils operation and undertaking a refurbishment / rebranding exercise with new stock and facilities.

Given the reduced scope and grant requirement, the OBC has been resubmitted for approval with the FBC to follow shortly as the plans/ costing for the new unit are firmed up.

The investment will be used for the following:

- Provision of extending, refurbishing, rebranding and restocking the existing Active Travel Hub at the Interchange
- Provision of new bikes, e-bikes and ancillary equipment (helmets, fobs etc)
- Update / restock of bike repair equipment
- New computer systems for booking
- Procurement of design team / architect / surveyor to undertake the remodelling design work

- Provision of new mobile hub vehicle and stock
- Marketing material to advertise the new Hub and mobile unit
- Scheme evaluation and monitoring following reopening – increase in number of hires / repairs / trainings etc
- Internal Governance – Cabinet reports, Ward Member briefings etc
- Procurement and construction, including contract administration, supervision and compliance with Construction Design Management (CDM) Regulations.
- Liaising with the local Cycle Forums and area Committees; and
- Liaising with key businesses / stakeholders in the area to promote / encourage use

The total project costs include an element of abortive costs in relation to the SEAM proposal and thus explain why the development costs represent a significant proportion of the total costs.

The operation of the new ATH will require additional revenue funding and an allocation of 3 x £100k has been agreed from CRSTS Revenue although further clarity is required as to whether the slipped timing of that funding to 26/27 is still acceptable to the MCA.

3. STRATEGIC CASE

<p><i>Options assessment</i></p>	<p><i>Is there a clear rationale for the selection of short-listed options and the choice of the Preferred Way Forward?</i></p> <p>The OBC set out a clear strategic fit and contributions from this scheme which align with the SEP, are provided and the details are sufficient and clearly outlined.</p> <p>What are set out in the objectives are the overarching objectives of BMBC and the MCA in relation to active travel. Whilst the tie-in of this project to those objectives is understood, the OBC should set out the specific measures of what this project will specially contribute to achieving those outcomes. More specific Objectives will be required at FBC with short to medium term timelines.</p> <p>The other do-something options considered are alternative locations for the ATH alongside other commercial developments. The rationale behind the choice of the Preferred Option is clearly defined in the OBC. The other shortlisted options are reasonable based on the type of scheme. The other discounted options do not need to be appraised.</p>
<p><i>Statutory requirements and adverse consequences</i></p>	<p><i>Does the scheme have any Statutory Requirements?</i> <i>Are there any adverse consequences that are unresolved by the scheme promoter?</i></p> <p>There do not appear to be any wider impacts which will require planning approvals, etc.</p> <p>However, the project will be dependent on engagement with the SYMCA as owners of the existing and proposed premises for ATH Hub. Agreement has been made in principle for the additional space subject to detailed design and approval.</p>
<p><i>FBC stage only – Confirmation of alignment with agreed MCA</i></p>	

outcomes (Stronger, Greener, Fairer).

4. VALUE FOR MONEY

Monetised Benefits:

<i>VFM Indicator</i>	<i>Value</i>	<i>R/A/G</i>
<i>Net Present Social Value (£)</i>	£668k	
<i>Benefit Cost Ratio / GVA per £1 of SYMCA Investment</i>	1.68	
<i>Cost per Job</i>		

Non-Monetised Benefits:

<i>Non-Quantified Benefits</i>	<p>Economic Value - Facilitates the loan of bikes and provides bike training thus enabling more of the residents of Barnsley to access employment.</p> <p>Net Carbon Value - A positive scheme that should reduce emissions and improve air quality by encouraging modal shift from private car to walking & cycling.</p> <p>Social Value - Improved social value, providing connectivity to key employment / leisure sites via public transport access. Positive impact on health & wellbeing</p>
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Value for Money Statement

Taking consideration of the monetised and non-monetised benefits and costs, and the uncertainties, does the scheme represent value for money?

Based on the details provided and the associated AMAT and cost files, the Preferred Option is the one which provides the higher economic value.

Benefits
 The basis of the monetised benefits is that there will be 60% increase in cycle trips through loaned bikes compared to the peak of the operating of the existing ATH in 2019/20. It has also been assumed that by nature of the active travel hub operation and location, it is highly likely that almost all cycle-based trips at the hub will be part of a wider multi-modal journey, therefore the capacity to increase walking as part of new cycle trips is also accounted for under the same methodology for cycling. This is on the assumption that increased capacity in the loan fleet will lead to a proportionate increase in cycling and walking trips. There is also an assumption that the operation of the mobile hubs across the expected operating days will produce the same proportionate uplift. The mobile hub is untested in terms of take up of bike loans and translation to miles cycled/walked and so there is a risk to the level of uplift assumed. However, it is also possible that the extra storage available will also be a factor in driving up the miles cycled/walked and so in the round the 60% is probably reasonable.

Costs

The cost used in the calculation of the BCR include estimated future delivery costs and risks. It is usual for projects to follow TAG guidance in the calculation of the BCR and take the risk figure out of the project costs and include instead an allowance for Optimism Bias. For transport projects the suggested level for OBC is 23%. It is possible to use the calculated risk figure instead of OB if there is a strong argument that it fully reflects the risk to costs and represents a more prudent approach. The risk figure included represents around 10% of the base future project costs and therefore would suggest that could understate the potential risks to value for money.

However, in considering the sensitivities, when flexing the costs in the AMAT then there would have to be a significant increase in the costs to take the BCR to less than 1.

Based on the costs and monetised benefits, the BCR represents low value for money and therefore is sensitive in particular, to the level of uplift in cycling. A 25% reduction in that uplift would result in a BCR below 1.

5. RISK

What are the most significant risks and is there evidence that these risks are being mitigated?

The top 5 risks are set out below which do appear to capture the key risk areas. The OBC includes a Quantified Risk Assessment and a Risk Strategy which sets out the methodology used to determine and value the risks and how they will be managed.

No.	Risk	Likelihood (High, Med, Low)	Impact (High, Med, Low)	Mitigation	Owner
1	Permission from SYMCA to extend into adjacent unit.	Medium	Medium	Regular meetings with SYMCA / Asset team	Project Manager
2	Refurbishment is delayed – resulting in reopening being delayed	Medium	Medium	Regular project / programme meetings with Assets	Project Manager
3	Failure to maintain support	Medium	Medium	Ensure robust support and communication plan.	Project Board
4	Viability of AT hub for commercial operators	Medium	Medium	Now to be taken in house	Project Manager
5	Stage funding is insufficient	Medium	Medium	Pre scheme estimates and cash flow projections are robust	Project Board

Do the significant risks require any contract conditions? (e.g. clawback on outcomes)

There are no contract conditions required except for SYMCA (as landlord) to provide permission for extending into the adjacent unit.

Are there any significant risks associated with securing the full funding for the scheme?

n/a

Are there any key risks that need to be highlighted in relation to the procurement strategy?

Based on the level of the scheme, there are no risks to the procurement strategy.

6. DELIVERY

Is the timetable for delivery reasonable?

Yes the dates provided for delivery look reasonable.

Is the procurement strategy clear with defined milestones?

Barnsley Council will use its in-house contracting teams to undertake the required works. The dates have also been provided under Management Case

What is the level of cost certainty and is this sufficient at this stage of the assurance process? Has the promotor confirmed they will cover any cost overruns?

The level of costs certainty is 60%. A detailed risk assessment has been provided which identifies risks which are built into the grant figure and are sufficient at this stage. The revised grant figure includes the abortive costs associated with the development of the Seam proposal.

The promoter has confirmed that any overruns on cost will be discussed with the Project Board to identify potential mitigating actions and agree a course of actions.

Within the Operating Model submitted as an appendix the OBC they committed to keeping the ATH operating for 5 years which was a condition of the previous OBC approval. They have stated that any additional running costs over the CRSTS Revenue grant allocation will be covered by BMBC Strategic Transport service for the first 3 years of the hub. They are anticipating that the operational costs for years 4-5, will continue to be secured through grant funding. However, should funding not be secured then BMBC can commit to covering the costs for the hub through the strategic transportation and the central maintenance budget.

.Has the promoter demonstrated clear project governance and identified the SRO? Has the SRO or other appropriate Officer signed of this business case?

Yes the OBC provides details on the proposed project governance including the SRO (the Exec. Director for Growth & Sustainability).

Has public consultation taken place and if so, is there public support for the scheme?

Yes - public was consulted through online consultation in late 2020 and then in 2022. The 2022 public consultation shows that 63% want more bikes for loan which supports the need for the proposed scheme. Further consultation will be carried out regarding the new location

Are monitoring and evaluation procedures in place?

Yes details on the M&E procedures are set out. However, because the M& E plan is aligned to the objectives, as these are all based around the overall objectives and outcomes of the CRSTS programme, they are not specific to the objectives this project will deliver. Further clarity will be required as to the specific measures that will be monitored to demonstrate that this project has been a success and contributed to the wider programme outcomes.

7. LEGAL

Has the scheme considered Subsidy Control compliance or does the promotor still need to seek legal advice?

The Councils has determined that as SYMCA is awarding the subsidy to the Highway Authority whose purpose is to carry out highway improvements in the public highway for the benefit of the end users of the Borough of Barnsley and not providing services on a market on a commercial basis because the provision of roads and footways are at nil cost to the end users, the test for a measure to be a subsidy is not met. This is reasonable.

8. RECOMMENDATION AND CONDITIONS

Recommendation	Approval to OBC and to proceed to develop the FBC
Payment Basis	Up-front payment of any remaining development funding up to the maximum of £288,000
Conditions of Award (including clawback clauses)	

Conditions to Submission of FBC

- SMART Objectives should set out the specific measures of what this project will specially contribute to achieving the programme outcomes with relevant dates for achievement link to the short to medium term. (e.g. The number of bicycles parked or rented over a given time period, or the amount of respondents to questionnaires (post engagement) who say they are more likely to cycle as a result of the information and facilities provided or the numbers participating in the DR bike or Mobile Hub sessions).
- M& E plan to be structured around the specific scheme objectives.
- Confirmation of agreement to CRSTS Revenue funding for operating years 1 to 3.
- Confirmation / evidence of lease agreement with SYMCA for extended premises.
- BCR to be calculated following TAG guidance and include detailed rationale as to assumptions for costs and benefits.
- Transport supplementary form to be submitted consistent with FBC and showing compliance with TAG guidance.
- Sensitivities to be evidenced to show impact on and risks to VfM.
- Revised Subsidy Control position assessing against the principles within the Subsidy Control Act.

Conditions of contract award

- Clawback - If demand is not sufficient and the facility is required to close within 5 years the MCA contribution should be repaid.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Mayoral Combined Authority Board

09 January 2024

Decisions & Delegated Authority Report

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Governance
Funding Stream:	Not applicable
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a Key Decision

Director Approving Submission of the Report

Martin Swales, Chief Executive and Head of Paid Service

Report Author(s)

Sarah Pugh, Democratic Services Officer

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Executive Summary

This paper updates the Mayoral Combined Authority on decisions and delegations made under the Officer Scheme of Delegation since the November MCA Board.

Recommendations

The Board is asked to:

1. Note the decisions and delegations made.

List of Appendices Included

A Decisions and delegations made by the MCA

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Row	Date of delegation	Decision	Delegation	Delegated to	Financial value
162	13 November 2023	Approval for 2023/24 shelter replacement capital program	Capital money of £200k has been made available from LNCT funding to replace 21 dilapidated or dangerous shelters spread throughout South Yorkshire.	Gareth Sutton	£200,000
163	14 November 2023	Bus Contract Awards	Award of Evening & Sunday Bus Service Contracts (part 3) plus post Tender Changes/Awards	Pat Beijer	£829,479.13
164	21 November 2023	Mexborough Transport Network Sustainable Improvements	Progression of Mexborough Transport Network Sustainable Improvements Strategic Outline Business Case to Outline Business Case and release of development funding of £1.5m	Steve Davenport	£1.5m
165	21 November 2023	Rotherham East Cycle and Bus Priority Package	Progression of Rotherham East Cycle and Bus Priority Package from Strategic Outline Business Case to Outline Business Case and release of development funding of £2.29m	Steve Davenport	£2.29m
166	21 November 2023	ATF4 A61 Penistone Road AT Corridor	Progression of A61 Penistone Road Active Travel Corridor and release of development funding of £0.39m	Steve Davenport	£0.39m
167	22 November 2023	Approval to appoint suppliers for ongoing revenue costs TSY tram retailing app	To appoint Global Payments as the PSP supplier due to the most economically advantageous price. Approve a contract term of 3 + 1 years with a maximum value of £600,000. Appoint Yorcard to provide ITSO & Barcode ticketing standards as they are a not-for-profit company owned by SYMCA and West Yorkshire Combined Authority and are developing the TSY retailing app. Approve a minimum contract term of 3 + 1 years with a maximum contract value of £275,000.	Pat Beijer	£875,000
168	05 December 2023	Progression of UKSPF 2023 projects to full approval and award	Progression of UKSPF projects to full approval and award a. Progression of "Rotherham Social Value" to full approval and award of £0.21m UKSPF funding to Rotherham Metropolitan Borough Council b. Progression of "Rotherham Community Support" to full approval and award of £0.58m UKSPF funding to Rotherham Metropolitan Borough Council c. Progression of "Rural Business Grants" to full approval and award of £0.24m Rural UKSPF funding to Rotherham Metropolitan Borough Council d. Progression of "CDC Skills Employability South Yorkshire Strand 3" to full approval and award of £0.466m UKSPF funding to City of Doncaster Council e. Progression of "Barnsley Local Economy Yrs 2 -3" to full approval and award of £1.86m UKSPF funding to Barnsley Metropolitan Borough Council	Gareth Sutton	£2.89m

169	06 December 2023	Business Growth Advisors	<p>To award contracts to:</p> <ul style="list-style-type: none"> •Access Regeneration Limited £22,500 •Blue Marble Communications Limited £27,365 •Buxton Associates Ltd £27,996.50 •Enable Growth Associates £37,890 •FCS Associates Ltd £75,990.50 •JEL Business Solutions Ltd £21,493 •Moorhead Savage Ltd £37,890 •NT Business Services £37,413 •Porterdale Ltd £23,576.00 •Torne and Shirmers Limited £37,890 •Training Education Services Ltd £27,365 •Tunley Environmental £14,314.00 	Tom Bousfield	£391,683
170	07 December 2023	Microsoft DTA21 Server and Cloud Enrolment	Award 3 year contract at a cost of £135,706.50	Gareth Sutton	£135,706.50
171	15 December 2023	End Of Concession Mobilisation – Extension of Engagement with JustDunnett (Light Rail Programme Director)	Increase the estimated original value of the engagement of JustDunnett Ltd to ensure the Light Rail Programme Director position is covered continuously until 31 May 2024	Pat Beijer	£156,000
172	19 December 2023	CRSTS Northern Communities	Progression of “Northern Communities” and release of development funding of £3.5m to Sheffield City Council	Gareth Sutton	£3.5m