



30 August 2019

To: Members of the Sheffield City Region Local Enterprise Partnership and Appropriate Officers

NOTICE OF MEETING

You are hereby summoned to a meeting of the Sheffield City Regional Local Enterprise Partnership to be held at **11 Broad Street West, Sheffield S1 2BQ**, on: **Monday, 9 September 2019** at **10.30 am** for the purpose of transacting the business set out in the agenda.

A handwritten signature in black ink, appearing to read "D. Smith".

Dr Dave Smith
Chief Executive

Member Distribution

James Muir (Chair)	Private Sector Member
Nigel Brewster (Vice-Chair)	Private Sector
Laura Bennett	Private Sector LEP Board Member
Alexa Greaves	Private Sector LEP Board Member
Professor Chris Husbands	Representative for Higher Education
Peter Kennan	Private Sector LEP Board Member
Tanwer Khan	Private Sector LEP Board Member
Neil MacDonald	Private Sector LEP Board Member
Owen Michaelson	Private Sector LEP Board Member
Julia Muir	Private Sector LEP Board Member
Lucy Nickson	Private Sector LEP Board Member
Philippa Sanderson	Private Sector LEP Board Member
Richard Stubbs	Private Sector LEP Board Member
Councillor Chris Read	Rotherham MBC
Mayor Dan Jarvis	SCR Mayoral Combined Authority
Councillor Julie Dore	Sheffield City Council
Councillor Martin Thacker MBE	NE Derbyshire DC
Mayor Ros Jones	Doncaster MBC
Councillor Simon Greaves	Bassetlaw DC
Councillor Steve Fritchley	Bolsover DC
Councillor Sir Steve Houghton CBE	Barnsley MBC
Councillor Tricia Gilby	Chesterfield BC
Alison Kinna	Co-opted Private Sector Member
Bill Adams	TUC Representative
Professor Koen Lamberts	Co-opted Higher Education Representative
Councillor Garry Purdy	Derbyshire Dales DC

SCR - Local Enterprise Partnership

9 September 2019 at 10.30 am

Venue: 11 Broad Street West, Sheffield S1 2BQ

**Sheffield
City Region**

LOCAL ENTERPRISE
PARTNERSHIP

Agenda

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3	Notes of Last Meeting	Mr J Muir	5 - 10
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4	Local Growth Funding (LGF) and Programme Demand	Dr D Smith	11 - 18
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SCR - LOCAL ENTERPRISE PARTNERSHIP

MINUTES OF THE MEETING HELD ON:

MONDAY, 8 JULY 2019 AT 10.30 AM

11 BROAD STREET WEST, SHEFFIELD S1 2BQ



Present:

James Muir (Chair)	Private Sector Member
Nigel Brewster (Vice-Chair)	Private Sector
Alexa Greaves	Private Sector LEP Board Member
Professor Chris Husbands	Co-opted Private Sector LEP Board Member
Julia Muir	Private Sector LEP Board Member
Laura Bennett	Private Sector LEP Board Member
Lucy Nickson	Private Sector LEP Board Member
Neil MacDonald	Private Sector LEP Board Member
Peter Kennan	Private Sector LEP Board Member
Philippa Sanderson	Private Sector LEP Board Member
Richard Stubbs	Private Sector LEP Board Member
Mayor Dan Jarvis	SCR Mayoral Combined Authority
Councillor Garry Purdy	Derbyshire Dales DC
Councillor Julie Dore	Sheffield City Council
Mayor Ros Jones	Doncaster MBC
Councillor Tricia Gilby	Chesterfield BC
Bill Adams	TUC Representative
Professor Koen Lamberts	Co-opted Private Sector Member
Dr Dave Smith	SCR Executive Team
Mike Thomas	SCR Executive Team

Officers in Attendance:

Andrew Frosdick	Monitoring Officer	SCR Executive Team
John Mothersole	Chief Executive	Sheffield City Council
Damian Allen	Interim Chief Executive	Doncaster MBC
Dan Swaine	Chief Executive	NE Derbyshire DC Bolsover DC
Paul Wilson	Chief Executive	Derbyshire Dales DC

Apologies:

Owen Michaelson	Private Sector LEP Board Member
Tanwer Khan	Private Sector LEP Board Member
Councillor Chris Read	Rotherham MBC
Councillor Simon Greaves	Bassetlaw DC
Councillor Sir Steve Houghton CBE	Barnsley MBC
Councillor Steve Fritchley	Bolsover DC
Alison Kinna	Co-opted Private Sector Member
Steve Davenport	
Eugene Walker	SCR Executive Team

Mark Lynam
Laura Ottery
Sarah Want
Huw Bowen
Sarah Fowler
Sharon Kemp
Sarah Norman
Neil Taylor

SCR Executive Team
Sheffield Hallam University
Sheffield University
Chesterfield MBC
Chief Executive Peak District National Park
Rotherham MBC
Barnsley MBC
Bassetlaw DC

1 **Welcome and Apologies**

Members' apologies were noted as above.

2 **Declarations of Interest**

No declarations of interest were made in relation to any agenda item, any activity since the last formal meeting or any forthcoming activity.

3 **Notes of Last Meeting**

It was agreed that the notes of the meeting held on 20th May are a true and accurate record.

4 **Strategic Economic Plan and Local Industrial Strategy**

The meeting received a report and presentation to provide Members with an understanding of the evidence base and the emerging narrative for the Sheffield City Region (SCR) Strategic Economic Plan (SEP) and Local Industrial Strategy (LIS).

It was noted the strategic report is currently in a draft format, and is being presented at this stage to stimulate discussion and objection, prior to informing ongoing discussion on the emerging evidence base, which itself will inform the next stage of development of priorities for the economic plan.

Evidence was therefore presented in support of what the SCR should emphasise within the SEP, the importance of productivity as a primary indicator of future economic success.

Regarding trend data, members noted discrepancies in the SCR's historic productivity trend and considered what the contributory reasons may be behind these trends. It was acknowledged these discrepancies are not necessarily reflected in the trend data of other indices.

It was suggested an ambition based on productivity can't necessarily be at the risk of lower employment levels, and proposed that 'jobs for everyone' must also remain an ambition of the SCR.

The presentation provided evidence in relation to the various contributory factors and levers that affect the region's levels of productivity (presented with reference to the SCR' 5 substantive development themes).

The Board acknowledged and discussed the relationship between education and skills attainment and productivity.

Consideration was given to skills development and whether more could be done to improve rates of employer participation in the skills sector.

Regarding the SCR's currently high levels of low skills jobs, it was suggested these jobs are at the highest risk of being lost through automation and digitalisation.

Consideration was given to the importance of the need to identify future employment demand, and future growth sectors, and where it would be in the best interests of the SCR districts to act collectively on matters.

It was suggested that despite decades of investment, the SCR is still somewhat beset with cyclically lower than average levels of expectations, attainment and consequently dissatisfaction. Members considered how this cycle might be broken. The Chair provided thoughts on how this might be achieved, including the need to act as a collective voice when negotiating with government, having a real transformational plan, and the attraction of significantly higher levels of investment.

It was questioned whether changing demographics, including the aging nature of some sector's skills forces, and also the inward migration of workers from other areas have been factored into the future plan development work and confirmed this is the case. It was also suggested that some of the issues being experienced by the SCR are national issues and therefore require tackling in a different way. It was noted work is ongoing with neighbouring LEP areas to identify where issues would be best addressed across a wider economic geography.

Members voiced general support for the evidence, analysis and outline conclusions presented.

It was acknowledged there are a number of supply and demand related choices to consider going forward which will help us determine what actions need to be taken to help shape what we want the SCR's future economic geography to look like.

The Board was provided with a timeline for the development of the SEP and LIS, noting this will culminate with the intended publication of both documents in December 2019.

RESOLVED, that the LEP Board notes the emerging evidence base underpinning the SEP and LIS and agrees the need to develop key messages to shape the development of these strategies going forward

5 **Engagement with NP11 Chairs**

A report was received to provide an update to the LEP Board on the SCR's engagement with the Northern Powerhouse 11 (NP11) LEP Partnerships.

It was noted NP11 brings together Local Enterprise Partnerships across the North of England. The NP11 Board, comprising all eleven LEP Chairs from across the North aims to create a space to identify activity best facilitated at a pan-Northern level, where activity will add strategic value to unlocking the North's economic potential.

It was noted meetings will be held on a regular basis (Chairs and Chief Executives) to develop a work plan and engagements are likely to become more structured over time.

RESOLVED, that the LEP Board note the report and the intention of the LEP Chair and the SCR Executive to engage fully with the NP11.

6 Budget Workshop Update

A report was received to update the Board on progress made in the Leaders budget workshop and to set out the actions to be taken.

Members were reminded of the key issues facing the 2019/20 budget, noting these will potentially affect £2m of the £6.5m in year budget.

It was confirmed there would be a further Leaders' workshop on Monday at which mitigation plans will be further explored ahead of recommendations being brought back to the MCA and LEP after the summer recess.

The Board recognised the significance of a 30% reduction in the budget and considered what could be done to protect the Mayoral Capacity Fund (acknowledging the business rate matter is less open to consideration).

Action – The Chief Executive to consider changes based on the potential loss of the individual budgetary elements at risk and report back to the LEP ahead of the Board formulating its position.

Members were asked to be mindful of the need to appropriately plan for all possible scenarios well ahead of time

RESOLVED, that the LEP Board would be presented with a further report detailing potential changes after the summer recess.

7 European Structural Funds in SCR

A report was received to provide a briefing on the current SCR European Structural Funds programme and to seek members' guidance on representation on the regional committee for the remainder of the Programme.

An overview of the current ESIF programme and information explaining the MHCLG-led management arrangements (and how the membership of the sub-Committee has changed over time) were provided.

Concerns were noted regarding the local ESIF sub-committee's apparent isolation from the LEP and levels of underspend.

It was noted the committee is a product of government, with MCHLG acting as the managing agent and thus responsible for determining processes. However, it was noted there could be further LEP representation on the sub-Committee

Noting the suggestion the additional LEP representation on the sub-Committee be aligned with the private sector representation on the Skills and Employability Board, it was questioned whether there were enough private sector LEP Board members on the SCR thematic boards and suggested there should be 4 to ensure the private sector members are able to comply with requests to represent the thematic boards on other bodies such as this. It was confirmed there would be a review of the new thematic board arrangements once the current arrangements have had a chance to settle into a working pattern.

Members agreed there was no merit in considering a change to the ESIF sub-Committee Chair at this stage.

RESOLVED, that the LEP Board endorses the 3 vacant places on the ESIF sub-Committee being taken up by the SCR LEP private sector board members.

8 **Mayoral Update**

Received for information.

9 **Chief Executive's Update**

Received for information.

10 **Any Other Business**

No further matters noted.

Signed _____
Name _____
Position _____
Date _____

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9th September 2019

Local Growth Funding (LGF) and Programme Demand

Purpose of Report

This paper provides LEP Board with an overview of the current LFG programme commitments and the scale of projects in the over-programmed pipeline.

Thematic Priority

Cross cutting theme.

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

The paper will be available under the SCR Publication Scheme

Recommendations

LEP Board are asked to

1. Consider the scale of the pipeline and discuss options to address the potential over-programming position.
2. Note the contents of the Q1 2019/20 DELTA submission.

1. Introduction

- 1.1** LGF is a 6 year, £360m funding programme secured through three rounds of Local Growth Fund bids. 2019/20 is the fifth and penultimate year of funding. Some investment made in the early years of the programme have now repaid loan funding back to the programme which has increased the total value of available programme funding to £378m.
- 1.2** In the first four years of delivery £239m has been spent (defrayed). A further £49m is committed to projects currently in contract and a further £17m has been approved for projects which are in the process of satisfying contract conditions. The total combined value of approved projects and spend to date is therefore £305m.
- 1.3** The LGF grant allocation includes a ringfenced amount of £40.5m for a major transport project which is retained for separate approval by the DfT, this funding cannot be utilised for other projects.

1.4 The level of funding remaining available for LGF projects across all thematic areas (the programme headroom) is now £32.4m. The programme spend and funding profile is set out in **Appendix A**.

1.5 All funding needs to be fully spend (defrayed) by 31st March 2021.

2. Proposal and justification

2.1 When the 2019/20 budget was approved by the MCA in March 2019 the pipeline of projects indicated that there was potential over-programming of up to £24.4m.

As projects have developed some cost estimates have increased and a number of new projects have come forward seeking funding. As a result of these changes the current combined value of project in the pipeline (including the retained major) has increase to £111.5m and therefore the potential over-programming has increased to £38.1m.

2.2 During the 2017/18 financial year an independent audit was undertaken of all projects seeking an LGF contribution greater than £1m. A series of milestones, as set by the scheme promoters, were agreed by the LEP Board in September 2018. Projects not meeting these milestones would initially have the funding allocations “un-ringfenced”. If a project is no longer able to complete delivery within the LGF funding timescales funding may ultimately be decommitted from this programme.

2.3 In the months following the LEP review the scale and pace of project approvals increased significantly and many of the projects have now entered into contract, some projects however remain in the pipeline. All projects in the pipeline have missed some of the agreed milestones and therefore **all** projects are now in a competitive programme.

2.4 The current profile of project approvals and the remaining pipeline is set out below by theme;

Executive Board	Approved	Pipeline	Total	Comments
Business Growth	£46m	£21.1m	£67.1m	This is £15.1m above the notional allocation and it is unlikely that all projects will land in the region or be able to complete works by 31 st March 2021.
Housing	£10.0m	£0.21m	£10.21m	£4.05m of the £10m housing funding is currently committed to schemes, the remaining £6m is held in the housing fund for pipeline schemes.
Infrastructure	£197.2m	£23.1m	£220.3m	This includes several highways schemes designed to unlock development space for employment and housing
Skills and Employment	£18.3m	£17.5m	£35.8m	This is £7.8m above the notional allocation and it is unlike that all projects will be able to complete works by 31 st March 2021.
Transport	£28.5m	£49m	£77.5m	This includes the £40.5m retained major transport project.
Total	£300.0m	£110.9m	£410.9m	

This shows that the total request for project funding is £411 m. There is a £5.1m corporate commitment which covers the costs associated with carrying out the

accountable body functions for the LGF programme. The total spend requirement is therefore £416m.

- 2.5 It will not be possible to approve all the projects currently seeking funding based on the current programme, and continuing to approve schemes as they become ready, the programme could be fully committed by the November cycle, although this full commitment point has slipped throughout the year so far.
- 2.6 There is no preferred option recommended in this paper as the purpose of the paper is to engage members in a discussion about the potential approaches and options to explore. Section 3 has some high-level options which could be considered.
- 2.7 LEP Board are asked to consider the scale of the pipeline and discuss options to address the potential over-programming position.
- 2.8 LEP Board members were advised at the July 2019 meeting of the MCA that the Q1 2019/20 Delta Dashboard submission date was out of sequence with the LEP board meetings and that the submission would be made to meet the MHCLG reporting deadline of the 23rd August 2019.
- 2.9 The dashboard was updated and submitted in line with the August deadline and a copy is attached at **Appendix B**.
- 2.10 Reported outputs for Q1 were limited to jobs created, with a total of 1,954 reported for the quarter. This figure included 1,071 jobs achieved prior to the quarter, but not previously reported, and 883 jobs created during Q1 itself. These job outputs represent an achievement of 36% of the 5,356 annual target for job creation.

The amount of LGF spend outturn in Q1 was relatively small, with only £15m claimed, representing circa 3% of the projected spend for the year, and 5% of the 2019/20 LGF annual allocation. This includes £130k revenue spend for the Growth Hub.

3. Consideration of alternative approaches

Options

- 3.1 If no further action is taken the programme will consider projects for funding approval as they are ready rather than based on any other priorities.
- 3.2 Scheme promoters could be asked to self-evaluate the deliverability of schemes within the LGF funded window and take out of the programme any schemes unable to achieve this deadline.

This option was used in 2017/18 and did result in some schemes being withdrawn but did not fully resolve the programme slippage.

- 3.3 Pause the process of taking decisions on scheme approvals until SCR undertake a full review of all projects in the pipeline.

An independent full review of projects was undertaken in 2018/19 and was successful in speeding up the rate of projects progressing to delivery, however some projects missed their delivery milestones and are now in the competitive element of the programme.

Pausing the programme is likely to have a negative impact on the ability to achieve the required spend profiles.

- 3.4 LEP board re-evaluate the strategic case of projects and prioritise schemes for consideration. This could delay consideration of schemes ready to progress and in turn have a negative impact on the planned spend profiles.

- 3.5** Find additional resource to fund more of the pipeline i.e. consider decommitting the uncontracted element of the housing fund, the use the legacy Growing Places Funding (GPF) or decommitting funding from projects which have not been able to satisfy pre-contract conditions and progress to the delivery phase.

This would ensure funding is being utilised efficiently and identify any schemes which may not be able to complete spend before the March 2021 deadline.

4. Implications

4.1 Financial

This paper explores the financial implications of the LGF programme in the approach to the final year of delivery.

£40.5m of the remaining pipeline is funded via the DfT retained majors programme which is ringfenced for this project only, hence this is not included in the calculation of remaining programme headroom of £32.4m.

The £5.1m corporate commitment which covers the costs associated with carrying out the accountable body functions for the LGF programme is a mandatory requirement and equates to 1.3% of the total programme.

4.2 Legal

None as a result of this paper, however legal implications will need to be considered for any recommitment scenarios.

4.3 Risk Management

This paper presents the risk of over-programming of the Local Growth Funding.

4.4 Equality, Diversity and Social Inclusion

5. Communications

- 5.1** Statutory Officers have temporarily closed the open call for new schemes until a decision has been reached on the process for resolving the over-programming. LEP Board may wish to reserve the right to accept schemes in the case of an exceptional inward investment application.

6. Appendices/Annexes

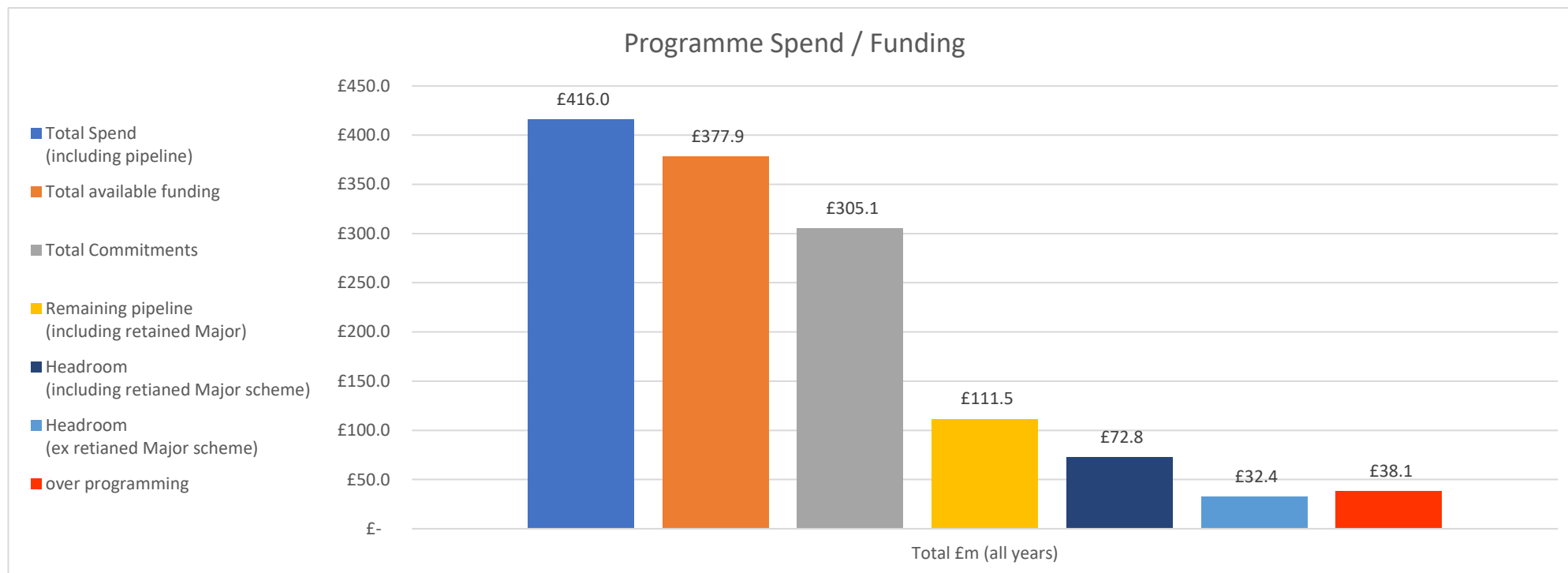
- 6.1** Appendix A – LGF Programme Spend and Funding Profile
Appendix B - Delta Dashboard

REPORT AUTHOR	Mel Dei Rossi
POST	AD Programme Management Office
Officer responsible	Dave Smith
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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references:

Appendix A - LGF Programme Spend and Funding Profile – September 2019



Category	£m
Total spend request (including pipeline)	£416m
Total available funding (all years)	£377.9m
Total commitments (all years)	£305.1m
Remaining Pipeline (including retained major)	£111.5m
Current headroom (including retained major)	£72.8m
Current headroom (excluding retained major)	£32.4m
Current over programming level	£38.1m

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Growth Deal Dashboard

LEP Name **Sheffield City Region**

This Quarter: **Q1_1920**

Deliverables Progress									
	This Quarter	15-17	Financial Year					Total	
			17-18	18-19	19-20	20-21	21-25		
Housing									
Houses Completed	0	0	60	950	0	0	-		1,010
Forecast for year	327	-	60	950	327	1,622	5,043		8,002
Progress towards forecast	0%	-	100%	100%	0%	0%	-		13%
Jobs									
Jobs Created	1,954	1,734	2,894	4,465	1,954	0	-		11,046
Apprenticeships Created*	0	0	20	0	0	0	-		20
Jobs including Apprenticeships	1,954	1,734	2,914	4,465	1,954	0	-		11,066
Forecast for year	5,356	1,734	2,914	4,465	5,356	6,742	34,968		56,178
Progress towards forecast	36%		100%	100%	36%	0%	0%		20%
* Apprenticeships included within jobs totals prior to 2017									
Skills									
Area of new or improved floorspace (m2)	0	2,000	7,260	3,300	0	0	-		12,560
Forecast for year	1,198	2,000	7,260	3,300	1,198	0	0		13,758
Progress towards forecast	0%		100%	100%	0%	-	-		91%
Number of New Learners Assisted	0	500	105	2,622	0	0	-		3,227
Forecast for year	343	500	105	2,622	343	1,827	6,825		12,222
Progress towards forecast	0%		100%	100%	0%	0%	-		26%
Transport									
Length of Road Resurfaced	0	0.4	1.8	0.0	0.0	0.0	-		2.2
Length of Newly Built Road	0	15.0	0.0	3.0	0.0	0.0	-		18.0
Length New Cycle Ways	0	15.8	28.7	0.0	0.0	0.0	-		44.4

Growth Deal Performance
AG

Area lead comments

Financial Progress							
LGF Award	2015-16	2016-17	17-18	18-19	19-20	20-21	Total
		£43,847,944	£75,122,442	£86,850,906	£42,471,649	£29,867,716	£43,238,940

LGF Outturn	This Quarter	15-17	Financial Year				Total	
			17-18	18-19	19-20	20-21		
Actual	£ 1,511,995		£ 116,078,698	£ 78,947,408	£ 46,027,079	£ 1,511,995	£ -	£ 242,565,180
Forecast for year	£ 51,107,274		£ 116,078,698	£ 78,947,408	£ 46,027,079	£ 51,107,274	£ 54,035,605	£ 346,196,065
Progress towards forecast	3%		100%	100%	100%	3%	0%	70%

LGF Expenditure	This Quarter	15-17	Financial Year				Total	
			17-18	18-19	19-20	20-21		
Actual	£ 1,511,995		£ 116,078,698	£ 78,947,408	£ 46,027,079	£ 1,511,995	£ -	£ 242,565,180
Forecast for year	£ 51,107,274		£ 116,078,698	£ 78,947,408	£ 46,027,079	£ 51,107,274	£ 50,517,369	£ 342,677,829
Progress towards forecast	3%		100%	100%	100%	3%	0%	71%

Non-LGF Expenditure	This Quarter	15-17	Financial Year				Total	
			17-18	18-19	19-20	20-21		
Actual	£ 23,294,218		£ 104,911,119	£ 71,501,841	£ 127,615,383	£ 23,294,218	£ -	£ 327,322,561
Forecast for year	£ 230,834,200		£ 104,911,119	£ 71,501,841	£ 127,615,383	£ 230,834,200	£ 183,170,516	£ 718,033,058
Progress towards forecast	10%		100%	100%	100%	10%	0%	46%

Total LGF + non-LGF Expenditure	This Quarter	15-17	Financial Year				Total	
			17-18	18-19	19-20	20-21		
Actual	£ 24,806,213		£ 220,989,817	£ 150,449,249	£ 173,642,462	£ 24,806,213	£ -	£ 569,887,741
Forecast for year	£ 281,941,474		£ 220,989,817	£ 150,449,249	£ 173,642,462	£ 281,941,474	£ 233,687,885	£ 1,060,710,887
Progress towards forecast	9%		+100%	+100%	+100%	+9%	+0%	54%

Contractual Commitments (manual entry)							
	15-17	17-18	18-19	19-20	20-21	Total	
Forecast		£ 116,078,698	£ 78,947,408	£ 46,027,079	£ 51,107,274	£ 54,035,605	£ 346,196,065
Actual		£ 116,078,698	£ 78,947,408	£ 46,027,079	£ 36,288,749	£ 19,424,615	£ 296,766,550
Variance		+0%	+0%	+0%	-29%	-64%	-14%

Commentary

Housing Outputs
- Housing output figures include certain projects that have progressed through the appraisal process for the SCR Housing Intervention Fund. However, this figure will increase once all appraisals are complete and successful projects selected.
- Additionally, although updated, housing output figures still do not yet completely capture the full potential of housing units supported/unlocked as a result of infrastructure projects. These projects will be reviewed, with figures updated when appropriate.

Jobs Outputs
- As part of compiling the figures for future projections, a review has been completed of job outputs achieved by promoters to date, in comparison to figures they previously reported in prior quarters. As a result of this exercise, various adjustments are required to total job figures, with multiple projects previously under-reporting outputs, and a small number over-reporting. These adjustments are reflected in the job outputs for this quarter, which consequently means three projects are reporting negative job numbers to compensate for previous over-reporting. Future projections have also been adjusted, as appropriate to reflect these revisions.

General Deliverables Progress
- As the programme continues to progress through delivery, it is still anticipated that final forecast outputs for jobs, skills and transport will increase as projects progress through the business case assurance process.

Financial Progress
- The SCR LGF programme for 2019/20, including some pipeline schemes, currently has projected LGF eligible expenditure of £51,107,274, against an LGF Award amount of £29,867,716 for the year. Any additional funding required to deliver the programme, once the 2019/20 LGF allocation has been exhausted, will be drawn from unspent additional LGF carried over from 2018/19 of £5,590,720 and income generated by the recycled LGF grant from the programme, including the repayment of LGF project loans and capital grant. The total amount of recycled grant available at the time of this report is close to £18m and there is therefore sufficient resource to meet the LGF projected expenditure of £51.1m.
- 2015/16 allocation includes the £4m cap/rev swap, which is being utilised to revenue fund the operation of the Growth Hub and hence did not fall in 2015/16. Growth Hub reporting also includes pilot year funding and contributions. The total projected spend for the Growth Hub is currently circa £6.28m.
- Reporting to Combined Authority includes the DfT Retained Schemes in future years, which are not included above, these have a total value of circa £40.5m.
- Reporting to Combined Authority also includes income generated by LGF of circa £18m, which is not included above.
- SCR Executive Team are continuing to work closely with Local Authority Economic Development Directors and Directors of Finance to reduce the over-programming and over-commitment for future years.

RAG Ratings
- Four projects have seen their overall RAG rating change this quarter. Full details can be found on the Q1 19/20 tab, although the following provides a brief summary for each project:
'M1 J36 to Dearne Valley' has changed due to some slippage to the delivery milestones associated with the first phase of the project.
'Chesterfield Waterside' has changed due to all LGF funding for the project now being claimed.
'Harworth Bircotes' has changed due to the previous withdrawal of the second phase of the project, which is no longer included in the calculation of the RAG rating.
'Greasbrough Corridor Improvements' (previously known as 'Bassingthorpe Farm Mitigation Measures') has changed due to planned delivery milestones slipping.
-In addition to these four changes, a fifth project, 'SCR Housing Intervention Fund - Phase 2', has been rolled into the reporting of Phase 1 of the SCR Housing Intervention Fund, and therefore no longer has a RAG rating assigned to it.

Project RAG Ratings	
Project Name	Previous Quarter
M1 J36 to Dearne Valley	AG
Sheffield City Centre - Infrastructure to support	AG
Chesterfield Waterside	AR
Harworth Bircotes	A
Skills Capital - Competitive fund	AG
Workshop and Vesuvius Works	AG
Sustainable transport exemplar	AG
Extending SCR RGF - Unlocking business investment programme	AG
Skills capital - British Glass Academy	N/A
SCR Growth Hub	AG
Doncaster Urban Centre	A
Superfast Broadband	AG
Markham Vale	G
Olympic Legacy Park	AG
BRT North	AG
Urban Development Fund	AG
Upper Don Valley	AR
DN7 (Hatfield Link)	AR
FARRS 2	A
Peak Resort	AG
Chesterfield Northern Gateway	A
Supertram Renewals	G
Modelling and Strategic Testing	A
EZ	G
Westmoor Link	R
M1J37 Claycliffe Link	AR
Bassetlaw Employment Sites - Retford	AG
Enterprise Centre - Phase 2	-
Better Bamsley Town Centre Retail and Leisure Development	G
M1 Junction 36 Strategic Site Acquisition	AG
A618 Growth Corridor	AG

Section 151 Officer Approved	
Name	Mike Thomas
Signature	
Date	23 August 2019

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9th September 2019

Update: Strategic Economic Plan and Local Industrial Strategy

Purpose of Report

This report and presentation provides LEP Board Members with an update on the emerging narrative and priorities for the Sheffield City Region (SCR) Strategic Economic Plan and Local Industrial Strategy. The report will inform a discussion of the priorities, ambition and overall narrative.

Thematic Priority

This paper links to all thematic priorities and the eventual outputs will shape the thematic priorities in the future.

Freedom of Information

This paper is not made available under the LEP publication scheme but may be disclosed under FOI.

Recommendations

That LEP Board Members:

- Discuss and agree the vision, narrative, outcomes and headline policy direction of the economic strategy.

1. Introduction

- 1.1** As set out in the 8th July LEP Board meeting, the City Region is developing a new Economic Strategy (Strategic Economic Plan (SEP) and Local Industrial Strategy (LIS).
- 1.2** The evidence base is complete (presented at the 8th July meeting) and highlights a set of key messages that shape the emerging vision and priorities for the SEP and LIS. This paper provides a summary of the vision, priorities and ambition for discussion.

2. Proposal and justification

- 2.1** The evidence base highlights the need for transformational change in the SCR economy to unlock prosperity for all. Growth experienced in SCR is unbalanced, unequal and despite growing, has underperformed compared to other areas and the national average since the 1970s.

The evidence particularly confirms that, despite good economic growth, the benefits have been largely focused upon certain sections of society; that the socio-economic reality for most people has not improved (worsened in some cases) and that our economy is performing below its potential.

2.2 The evidential context points to the need for a significant gear shift in culture, attitudes and practices to change the narrative and reality of our economy. This includes the need for strong strategic plans to counter threats and maximise opportunities from climate change, continued industrial digitisation, fully exploiting any market opportunities that arise or protect from any negative consequences from Brexit.

The ability to deliver transformational change will be largely dependent on securing significantly more resources from central government, unity of local political and business voice and a commitment to do "things differently".

2.3 Economic challenges can be addressed, and opportunities can be fully exploited by refocusing, deliberately investing to secure agreed outcomes and by ensuring that economic growth benefits "people". People start businesses, make decisions, research, up-skill, innovate, care and create opportunities. Our horizon scanning shows that an increasing number of progressive economic strategies are focused on "People", reflecting a recognition of the most important driver of transformation is people; their needs, ideas and actions.

2.4 In identifying "people" as our focus, the proposed emerging vision is:

"In the Sheffield City Region, every person will have an opportunity to take part in one of the most prosperous, dynamic and resilient global economies."

The vision suggests three interrelated objectives. These are:

- Unlocking opportunity;
- Transformed places & communities; and,
- Creating and sharing prosperity.

2.5 The structure of the working draft of the SEP is as below:

- Evidence – Summary of evidence conclusions and state of economy;
- Vision – Rationale for the focus upon people and the key objectives;
- Priorities – The objectives will frame the priorities, identifying the broad activities to be delivered and the outcomes and economic benefit;
- Levers of Change – A discussion of the levers of change; and,
- Progressing delivery – How will progress be measured, who deliver priorities and evaluation.

2.6 As a complementary document to the SEP and co-written by Government, the structure of the LIS is yet to be agreed but will likely be similar to the other published Local Industrial Strategies. The SCR LIS will be framed around the objectives and propositions being developed through the Global Innovation Cluster work which is underway. This is being developed as part of the "creating and sharing prosperity" objective of the SEP (see section 2.4 above).

2.7 In terms of process, the evidence base is complete, and engagement has continued over the summer around the emerging priorities. The next steps are:

- End of September – First draft of SEP & LIS documents
- October – Consultation on Draft documents
- Presentation to LEP Board (4th November)
- Presentation to MCA Board (18th November)
- November 2019 (end) – final draft of SEP & LIS
- December 2019 (mid-end) – SEP & LIS published

2.9 A presentation (Annex A) will be provided to the LEP Board setting out the emerging narrative, vision, objectives and strategic focus in greater detail. As this work is on-going, the slides presented on the 9th September may differ a little from Annex A to reflect progress made between now and then

3. Consideration of alternative approaches

- 3.1 Economic development policy can be framed in several ways and depends on the rationale, drivers, levers and leadership. However, the evidence has suggested we need a bold and transformative strategy to drive change and investment.
- 3.2 Alternative approaches, including outsourcing the development of the SEP and LIS priorities have been discounted, following discussions at previous LEP Boards meetings.

4. Implications

4.1 Financial

The SEP and the LIS will help to secure additional funding from Government (e.g. a potential allocation of the Shared Prosperity Fund) and provide a basis for determining the City Region's funding priorities and influencing the proposed 2020 Comprehensive Spending Review.

The costs associated with the completion of the SEP and LIS, including specific commissioned pieces of research have been accounted for within the existing approved budget.

4.2 Legal

Production of a LIS has been a requirement of the Government.

4.3 Risk Management

A senior officer has been appointed to project manage the LIS and SEP programme, this is to ensure that activities are kept planning, milestones are met and external risks to delivery are mitigated. A residual risk is that if the work is not completed, SCR will have a weaker strategic direction and reduced ability to secure additional funding. The LIS timescales could also be affected by decision making delays from UK Government and change of politicians in cabinet.

4.4 Equality, Diversity and Social Inclusion

Equality, diversity and social inclusion are at the heart of the evidence base and will continue to be important topic areas in the development of the LIS and the SEP.

5. Communications

- 5.1 Engagement continues. To date universities, businesses, charities, local authority officers and senior executives have been engaged on the evidence base and emerging priorities.
Government is co-developing the LIS and further discussions with BEIS and HMCLG will confirm exact priorities and outcomes they are willing to agree.
- 5.2 A range of stakeholders will be engaged further as the economic strategy moves to its next phase.

6. Appendices/Annexes

- 6.1 Annex A - SEP & LIS evidence slide pack.

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

Other sources and references:

The full evidence paper is available on request and will also be available on the website:
<https://sheffieldcityregion.org.uk/explore/our-strategic-economic-plan/>

STRATEGIC ECONOMIC PLAN & LOCAL INDUSTRIAL STRATEGY

Sheffield
City Region

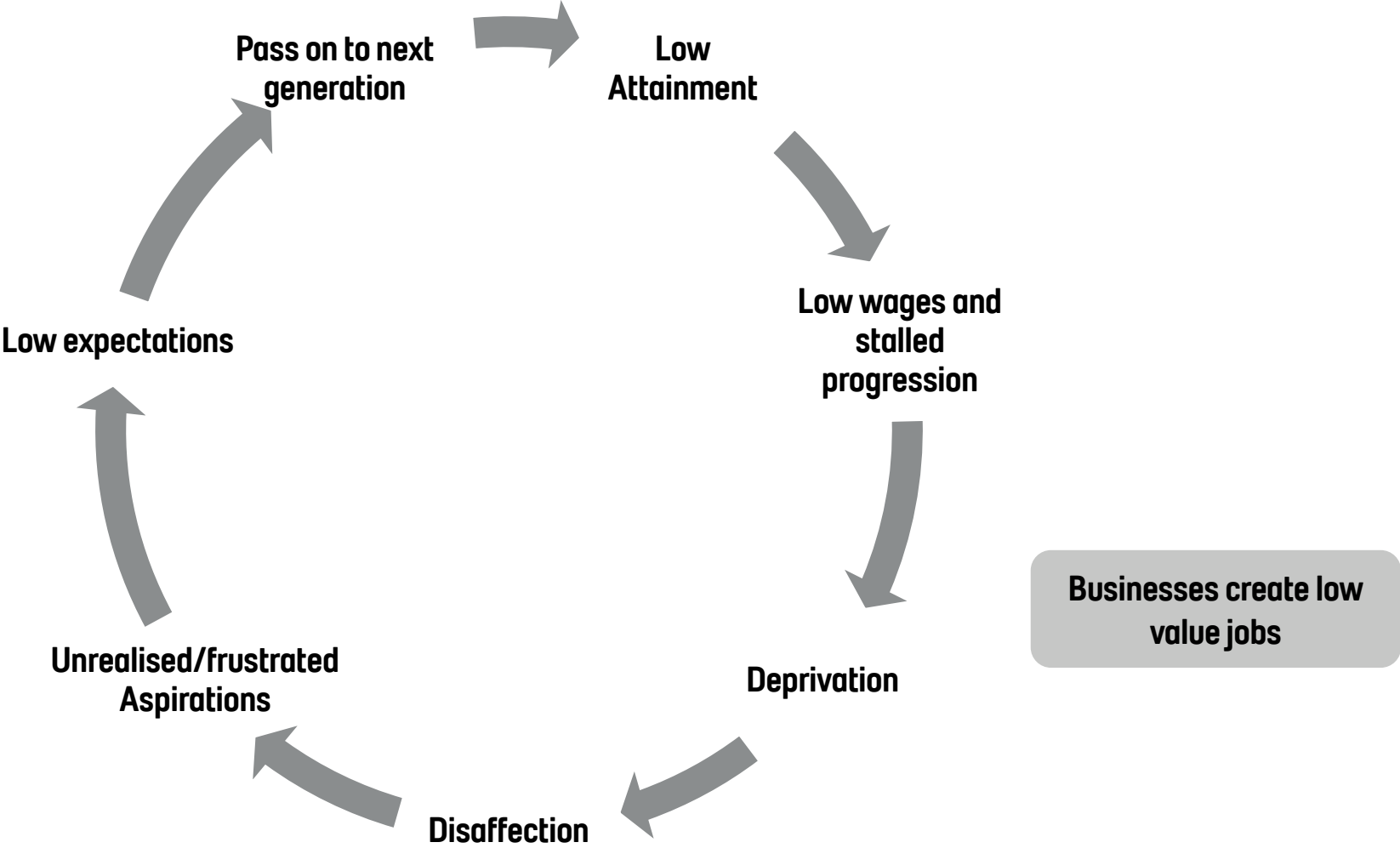
TIMESCALES

- **Up till August 2019 – evidence base (complete)**
- End of September – Draft of SEP & LIS documents (Underway)
- October – Consultation on Draft documents
- Presentation to LEP Board (November)
- Presentation to MCA Board (November)
- November 2019 – final draft of SEP & LIS
- December 2019 – SEP & LIS published

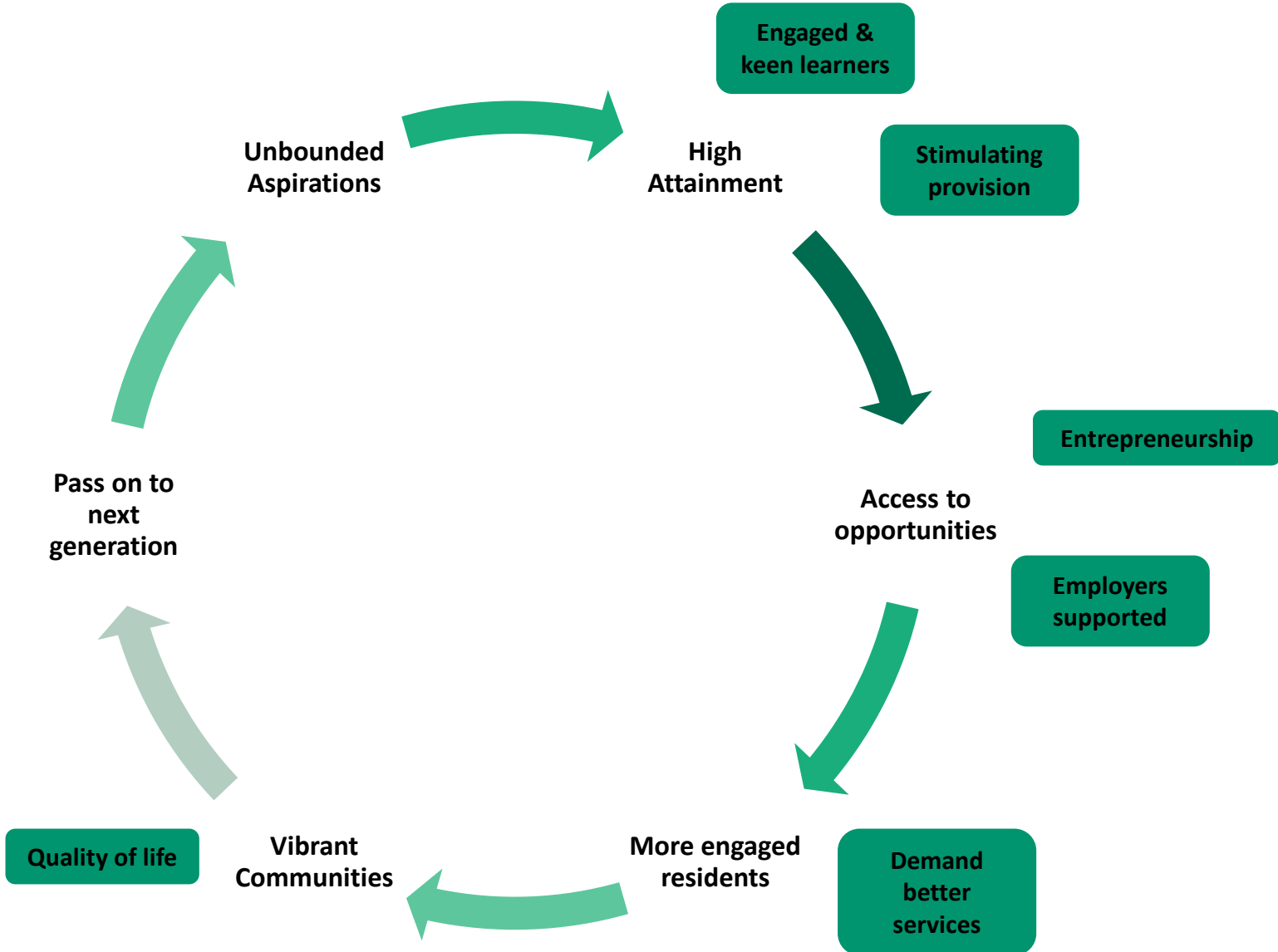
SCR IS THE WORST PERFORMING CITY REGION FOR PRODUCTIVITY

- SCR has a growing economy but SCR's economic performance is not changing its relative position. Economic growth is unbalanced in SCR and our economic performance has consistently underperformed since the 1970s. SCR has a growing but unbalanced economy, which has consistently underperformed since the 1970s.
- [GDP per Filled Job \(£\), 2002 to 2017](#)
- Despite decades of investment and growth, many residents have not felt the benefits.
- Despite some world-leading assets, the SCR economic ecosystem has deep embedded constraints which include low investment in innovation, a relatively less qualified workforce, relatively poorer health outcomes, low levels of enterprise, and inadequate infrastructure.

FROM VICIOUS TO VIRTUOUS? CURRENT REALITY



FROM VICIOUS TO VIRTUOUS? A NEW VIRTUOUS CYCLE



FOCUS ON PEOPLE

- **People** start businesses, make decisions, research, up-skill, innovate, care and create opportunities.
- An increasing number of economic strategies are focused on “**People**”, showing a recognition of the most important driver of economic transformation:
 - Medellin in Colombia - Participation
 - Greater Manchester - GM’s public services.
- People will **be able to access more opportunities, be more prosperous, and enjoy the places they live, work and play in and interact with.**

VISION

In the **Sheffield City Region**, every **person** will have an **opportunity** to take part in one of the most **prosperous, dynamic and resilient** global economies.

Opportunity

Place

Prosperity

In the Sheffield City Region,
every person will have an
opportunity to take part in
one of the most prosperous,
dynamic and resilient global
economies.

Opportunity

Community

Prosperity



OPPORTUNITY

OUTCOMES

- ➔ **Progression & Rise in Earnings:**
- ➔ **Increased Quality of Participation**
 - Skills
 - Economic (earnings, wealth etc)
 - Civic/Leisure/Culture
- ➔ **Sustainable Mobility**
 - Social
 - Digital
 - Transport
- ➔ **Quality of Life**
 - Improved health outcomes
 - Lifestyle Choices

POLICIES

- ➔ **Create the best vocational, technical & lifelong educational system in the country**
- ➔ **Bespoke offer for every cohort**
- ➔ **Boost digital and creative skills**
- ➔ **Create the ecosystem for entrepreneurship to flourish**

PLACE

OUTCOMES

- **Clear role & purpose for our places**
- **Rich Culture**
- **Vibrant, Sustainable & Attractive Places**
 - Housing
 - Employment
 - Culture and leisure
 - Natural capital
- **Connected**
 - Digital
 - Social Networks
 - Transport

POLICIES

- **Deliver full-fibre/5G across the city region**
- **Innovative & sustainable urban centre development**
- **Mass/ active public transit systems**
- **Decarbonise our economy and embed clean energy solutions**
- **Culture and arts**

PROSPERITY

OUTCOMES

- **Productivity Growth**
- **Diversified & Specialised Business Base**
- **Improved Density**
 - **Jobs**
 - **Businesses**
- **Reduced Inequality**
- **Improved Global Linkages & Trade**

POLICIES

- **Create enabling conditions for innovation and growth**
- **Targeted intelligence-led, business growth model for scale –up and trade**
- **Leadership & convening**

**Objective
Area**



Objective

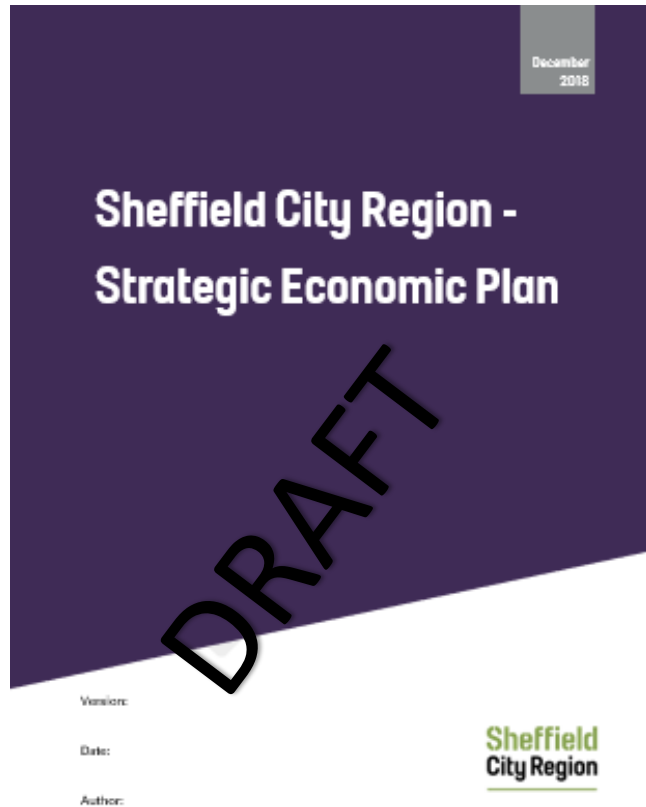


Outcomes



Indicators

DRAFT STRUCTURE



1. Introduction
2. Evidence
3. Vision
4. Objectives
5. Outcomes
6. Priorities
7. Levers of Change
8. Moving forward in delivery

THANK YOU

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9th September 2019

Future Mobility

Purpose of Report

This report and presentation provides LEP Board Members with an overview of an item considered at the Transport Board on 30th August 2019. Advances in technology, changes in demand characteristics and the emergence of new business models are disrupting the transport sector. The report introduces Board members to recently commissioned research that will inform the SCR's approach to the risks and opportunities presented by future mobility trends.

Thematic Priority

Secure investment in infrastructure where it will do most to support growth.

Freedom of Information

This paper will be available under the SCR Publication Scheme.

Recommendations

That LEP Board Members:

- Note the technological advances, changes in demand and new business models driving 'future mobility' innovation;
- Note the research work the SCR Executive is currently undertaking on Future Mobility trends and opportunities which will inform the principles and priorities that enable the SCR to adopt, adapt and innovate;
- Consider the economic opportunity presented to the SCR by emerging Future Mobility trends and recommend the prominence and focus of this theme in the Local Industrial Strategy.

1. Introduction

- 1.1** This report presents an overview of advances in technology, changes in demand characteristics and emerging new business models that are disrupting transport.
- 1.2** The SCR Transport Strategy included technology and innovation as a cross cutting theme. In July 2019 the SCR Executive commissioned Arup to undertake research work to identify opportunities for SCR arising from our unique assets and businesses.
- 1.4** The UK's Industrial Strategy includes Future Mobility as a 'Grand Challenge' and identifies the potential for the UK to lead the world in innovation in how people, goods and services move.

2. Proposal and justification

- 2.1** The Government's Future of Mobility: Urban Strategy (2019) sets out the forces disrupting the transport sector. These include the heightened availability of data which is enabling individuals to plan journeys differently as well as facilitating communication between vehicles and supporting Machine Learning. Transport is becoming increasingly automated and cleaner. Our behaviours are also changing, individuals are making fewer commuter journeys as our working patterns and lifestyles change. The population is ageing with older people more likely to drive than previous generations and younger people less likely.
- 2.2** New business models are emerging, often digitally enabled with shared mobility becoming more prevalent. This includes sharing access and sharing journeys, the success of the latter will be key to determining the impact on congestion. The adoption and integration of new technologies and new business models has the potential to deliver huge economic, social and environmental benefits. The Government has set out nine Principles which will underpin their approach and the outcomes they are seeking to achieve.
- 2.3** The SCR Transport Strategy will be delivered through a series of Implementation Plans concerning Rail, Roads, Active Travel and the Strategic Transit Network. Two cross cutting themes are identified in the Strategy – Technology and Innovation and Environment and Quality of Life. The SCR Executive also recently submitted an Expression of Interest to the DfT's Future Mobility Zones Fund. Unfortunately, this was unsuccessful however it highlighted the need for further work to develop our approach.
- 2.4** The SCR Executive has recently commissioned Arup provide an evidence base, analysis and foresight on Future Mobility to support the development of a work programme relating to transport technology and innovation.
- 2.5** The research will summarise and map innovative mobility solutions that have already been delivered in SCR including tram-train, clean bus technology, electric bus feasibility, integrated TravelMasters and ebike trials. This will provide an evidence base of capabilities on which SCR can build.
- 2.6** Working initially with stakeholders innovating in future mobility, the research will explore the most significant disruptions and the timeframes in which these are likely to occur, the potential impact on current policies and infrastructure planning, barriers to change and key partners to engage in this transition. This will be accompanied with an analysis of global drivers of change focused on mobility and technological/innovation trends.
- 2.7** The report arising from the research will outline Future Mobility principles and priorities for partners to consider and will inform SCR's approach to the implementation of the Innovation and Technology theme in the Transport Strategy. The findings of this work will be available in late September 2019. The outcomes of the research work will also be used to strengthen any applications to future rounds of Government funding
- 2.8** The UK's Industrial Strategy includes Future Mobility as a Grand Challenge, recognising the potential for the UK to lead the world building in innovations in the way people, goods and services move. The development of the SCR Local Industrial Strategy provides an opportunity to identify Future Mobility specialisms and opportunities. The West Midlands LIS for example positions the City Region as at the centre of transport innovation in the UK. The SCR has the opportunity to articulate the city region's specialisms and potential in a similar vein and the research work currently being undertaken will inform this.
- 2.9** The SCR has significant assets to leverage to innovate in future mobility. This includes: business sectors for example rail and logistics specialisms, companies operating at the frontier such as ITM power and the Floop, University research and translation excellence in particular AMRC's specialisms in capabilities underpinning transportation innovation, University of Sheffield specialisms in the environment, civil engineering,

energy and robotics and AWRC's specialism in movement and advanced wellbeing technologies.

- 2.10** The Northern Powerhouse Independent Economic Review identifies digital and energy as two of the North's prime capabilities with logistics an enabling capability. Transport for the North's Integrated and Smart Travel (IST) programme is an ambitious four-year programme to widely introduce new technologies across public transport in the North to improve the passenger experience.
- 2.11** Research for the Future Cities Catapult (now part of the Connected Places catapult) has estimated the value of the global Advanced Urban Services market will be worth around £2.5 trillion by 2025. There is an opportunity to exploit the global market opportunities presented by our expertise particularly working with countries adopting new 'smart' and low carbon technologies in the context of rapid urbanisation.
- 2.12** The ability of the SCR to adapt, adopt and pioneer in Future Mobility will depend on enabling infrastructure in particular the energy infrastructure to support the transition to a zero-carbon economy and an appropriate approach to data. The research will consider requirements and implications for the collection, storage and provision of data.
- 2.13** The work undertaken by Arup will be presented to the Transport Board in October for consideration. It will include recommended principles and priorities to adopt to advance the implementation of future mobility solutions. Recommendations will align with the SCR Transport Strategy, SEP, LIS and the DfT Future of Mobility report. Proposed actions will likely require collaboration with partners, in particular private sector mobility providers, and might require policy and legislative changes. Actions will be identified for the short, medium and long term.

3. Consideration of alternative approaches

- 3.1** Consideration has been given in recent months to the best approach to operationalising themes that cut across the Transport Plan in particular, Air Quality and Future Mobility. It is proposed that these themes warrant specific dedicated approaches underpinned in the first instance by research and development work to be followed by specific implementation plans.

4. Implications

4.1 Financial

There are no direct financial implications arising from this paper. The research work will make recommendations which might have financial implications should they be adopted.

4.2 Legal

There are no direct legal implications to this paper at this stage. The research work will make recommendations which might have legal implications should they be adopted.

4.3 Risk Management

There are no specific risk implications to this paper at this stage. The research work will make recommendations which should they be adopted might require a risk assessment and risk management strategy.

4.4 Equality, Diversity and Social Inclusion

The research will consider the potential benefits and risks presented by Future Mobility trends to delivering positive equality, diversity and social inclusion outcomes.

5. Communications

- 5.1 Depending on the outcomes and recommendations of this work the Board might want to recommend further work to communicate to, or engage with, communities, sectors or businesses in the SCR.

6. Appendices/Annexes

- 6.1 Annex i) Slide Pack presentation to LEP
Annex ii) Department for Transport Future of Mobility: Urban Strategy – Definitions

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Other sources and references:

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FUTURE MOBILITY

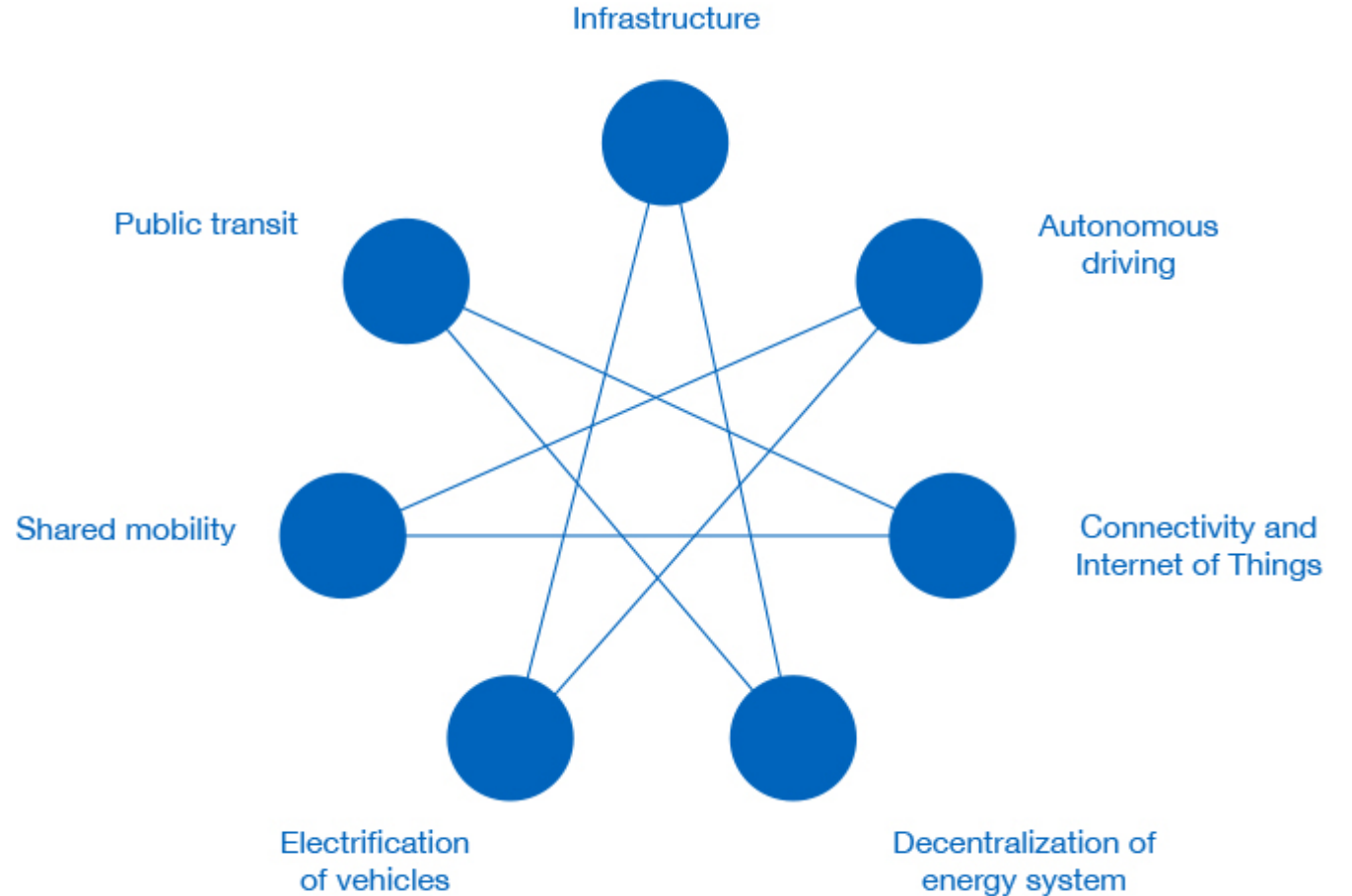
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City Region

FUTURE MOBILITY

'We live in a time of unprecedented change in the transport system. Changes in the nature of working and shopping, new technologies and behaviours – such as automation, vehicle electrification and the sharing economy – are already having an impact on how the system functions, while the intersection of the physical and digital realms is changing how transport is planned and used.'

(The Future of Mobility,
Government Office for Science, 2019)

Integrated Trends (McKinsey Center for Future Mobility 2019)



DRIVERS

- Changes in transport technology
 - Data and connectivity, automation, cleaner transport, new modes
- Changes in demand for transport
 - Growth driven by population growth, generational preferences, consumer attitudes
- Changes in business models
 - Digitally enabled, shared mobility

BENEFITS AND RISKS

	Benefits	Risks
Social	Safer streets, inclusive transport, smoother journeys, boosting active travel	Safety and security threats, risks to public transport, digital and financial exclusion, health and wellbeing, privacy risks
Environmental	Reducing emissions, tackling noise pollution, unlocking spatial opportunities eg. reducing parking, tackling congestion	Urban sprawl, disrupting the local environment, increasing congestion
Economic	Improved productivity, attracting investment, creating employment, boosting exports	Abuse of monopoly power, loss of jobs and need for new skills

GOVERNMENT POLICY

– Industrial Strategy

- ‘We will become a world leader in the way people, goods and services move’
- Mission: Put the UK at the forefront of the design and manufacturing of zero emission vehicles, with all new cars and vans effectively zero emission by 2040

– Department for Transport Future of Mobility: Urban Strategy

- ‘Through a clear and collaborative approach to emerging transport technologies and services we can enable innovation to flourish and harness a once in a century opportunity to transport mobility for the better’

RESEARCH WORK

– Evidence and Analysis

- Stakeholder engagement to identify work already underway and evidence available
- Research – analysis of mobility trends specific to SCR
- Summary and map of SCR innovative mobility solutions that have already been delivered e.g. tram-train, clean bus technology, electric bus feasibility, integrated TravelMasters and ebike trials

– Foresight

- Stakeholder engagement to explore future technological and innovation trends, the most significant disruptions and the timeframes in which these are likely to occur, the potential impact on current policies and infrastructure planning and barriers to change
- Identifying key partners for SCR to engage as we develop this work
- Research – insight to identify extent to which SCR could growth strengths, exploit new areas, collaborate and export expertise

– Recommendations

- Recommendations for short, medium and long term actions for SCR aligned to HMG policy and principles

THANK YOU

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Department for Transport – Future of Mobility: Urban Strategy

Definitions

Active travel: The terms ‘active travel’ and ‘walking and cycling’ are used in this document to encompass a range of methods of active mobility, including trips made by wheelchair, mobility scooters, adapted cycles and e-bikes.

Car clubs (sometimes known as car-sharing): Car clubs use electronic systems to provide customers unattended access to cars for short-term rental, often by the hour. Business models can be categorised into round-trips, where the vehicle must be returned to its home station, and flexible, which allows one-way trips. Vehicles may be owned by individuals and lent out on a peer-to-peer basis via an intermediary platform, or form part of a fleet owned by a single organisation.

Demand responsive transport: A flexible service that provides shared transport in response to requests from users specifying desired locations and times of pickup and delivery. Dial-a-ride services scheduled through next day or advance bookings are a traditional example.

Dynamic demand responsive transport: More recent applications of demand responsive transport seek to work dynamically, adjusting routes in real time to accommodate new pickup requests often made minutes in advance.

Fractional ownership: An ownership model that involves a group of people purchasing or leasing a good (such as a vehicle) and splitting the costs.

Micromobility: The use of small mobility devices, designed to carry one or two people, or ‘last mile’ deliveries. E-scooters and e-bikes are examples.

Mobility as a Service: The integration of various modes of transport along with information and payment functions into a single mobility service. Recent services that allow customers to purchase monthly subscription packages giving them access to public transport and private taxi and bike hire schemes are an example.

Ride-hailing: Ride-hailing services use smartphone apps to connect paying passengers with licensed taxi drivers or private hire vehicle operators who provide rides for profit.

Ride-sharing (sometimes known as car-pooling): Formal or informal sharing of rides between unlicensed drivers and passengers with a common or similar journey route. Ride-sharing platforms charge a fee for bringing together drivers and passengers. Drivers share trip costs with passengers rather than making a profit.

Shared mobility: Transport services and resources that are shared among users, either concurrently or one after another. Public transport, or mass transit, as well as newer models such as car-sharing, bike-sharing and ride-sharing, are all types of shared mobility.

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9th September 2019

LEP and MCA Budget

Purpose of Report

This paper, and a presentation to the board at the meeting, updates LEP Board members on the progress made to achieve a reduction in the 2019/20 LEP and MCA core budget.

Thematic Priority

Cross cutting theme affecting all 6 thematic areas.

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

The paper will be available under the SCR Publication Scheme.

Recommendations

LEP Board members are asked to;

1. Consider the progress to date in seeking to achieve a budget reduction and to engage in a discussion to explore the options set out in section 2.5.

1. Introduction

- 1.1 In July members received a paper setting out the need to prepare for a £2m budget reduction in the 2020/21 core LEP and MCA budget whilst also ensuring the key objectives of the LEP and MCA in its Strategic, Operational and Delivery work can continue to be achieved.

2. Proposal and justification

- 2.1 A plan has been developed that can achieve the first £1m of the £2m target in 2019/20, through a combination of:
 - Reductions to operational costs (£0.4m),
 - Increases in income (£0.25m),
 - Use of reserves (£0.5m).
- 2.2 The reductions to operational costs include savings via a vacancy management process, a reduction in direct operational costs but also includes a number of costs pressures which have arisen since the budget was set in March 2019.

- 2.3 The increase in income is primarily related to the LEP asset at the AMP achieving a higher than profiled return and an increase in treasury investment income.
- 2.4 The third area is a one-off use of reserves which essentially offsets the additional cost pressures, however use of reserves needs to be carefully balanced against the future reserve requirements.
- 2.5 Achieving a permanent reduction of a further £1m in year is more difficult whilst ensuring the key objectives can be achieved.

Options are being explored to consider how this can be achieved over a multi-year period these include;

1. Seeking to achieve an operational saving during 2019/20 to create an additional provision to help smooth the impact of the £2m reduction of income in 2020/21. In part this can be achieved by redeploying some of the LEP capacity grant (£0.2m LIS capacity grant) received this year.
2. Utilise remaining reserves during 2020/21 to set a balanced budget in year but with an approved three-year plan to top up the reserves to a suitable level from permanent budget savings in subsequent years.
3. Continue to implement permanent savings of the second £1m over the following two financial years (2021/22 and 2022/23) and hence topping up the reserves to the required level.
4. Work with the MCA to consider how wider group efficiencies can be achieved, and
5. In parallel to the above options seeking to increase both the level and certainty of LEP and MCA income sources.

- 2.6 Liaison will continue with LEP and MCA Members and Local Authority Officers in the run up to proposing a draft budget in November before seeking approval in March.

3. Consideration of alternative approaches

- 3.1 Seeking to achieve a budget reduction of 30% in a single year is likely to have a significant impact on the ability to deliver the core objectives hence to mitigate this a multi-year approach is being considered.
- 3.2 Not preparing for the savings on the assumption that successor funding will fill the gap is not considered a prudent financial approach.

4. Implications

4.1 Financial

The budget review process commenced to prepare for a potential £2m reduction of the 2019/20 budget, £1m of this reduction has now been confirmed, second £2m remains a risk.

4.2 Legal

There are no legal implications as a result of this paper, but the required budget reduction may have an impact on existing contracts this will be considered as part of the options analysis work.

4.3 Risk Management

Managing a budget reduction of this scale in year is a significant risk and will be included in the SCR strategic risk register. This needs to be balanced against the potential for ongoing (multiyear) budget reductions having a compound effect.

A 1 year Comprehensive Spending Review (CSR) as delayed the expected announcement of successor funding to the Local Growth Fund (LGF) programme, there is now likely to be a gap between the delivery phases of LGF and Shared Prosperity Fund (SPF).

The use of reserves to bridge the funding gap is not sustainable and we need to ensure that a prudent level of reserves remain available at all times.

4.4 Equality, Diversity and Social Inclusion

None as a result of this paper.

5. Communications

5.1 This budget review process is being undertaken to ensure that the issues are discussed and communicated ahead of presenting options for setting a draft budget for 2020/21.

6. Appendices/Annexes

6.1 None.

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Other sources and references:

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9th September 2019

AMENDMENT TO CONSTITUTION – QUORACY OF THEMATIC BOARDS

Purpose of Report

To note the proposed amendments to the Constitution of the MCA to change the membership and quoracy provisions of the Thematic Executive Boards to reflect the position of the Non-Constituent Authorities.

Thematic Priority

Cross cutting

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

The paper will be available under the Combined Authority Publication Scheme

Recommendations

Members note the proposed changes to the Terms of Reference of 4 of the Executive Boards (Appendices 4-7 of the MCA Constitution) to reflect the position of the Non-Constituent Authorities and to ensure that meetings are quorate.

1. Introduction

- 1.1** In April 2019 the MCA changed its decision making and governance arrangements by introducing 5 Thematic Executive Boards. These Boards have delegated decision making functions. Each Board has a set of Terms of Reference and these set the membership and quoracy rules for each Board.
- 1.2** Each Board (except Transport) has 11 members (7 elected members, 2 LEP reps, a Chief Executive, and the Head of Paid Services), and the quoracy is set at 7 members.
- 1.3** The quoracy rules for all the Boards (except Transport) include provision for each Non-Constituent Authority to be represented (including one Non-Constituent Authority Leader). It has become clear from the first cycle of Board meetings that attendance of members from the Non-Constituent Authorities will be infrequent and in many cases they have not nominated attendees to the Boards. The Interim Head of Paid Services has contacted the Leader of each of the Non-Constituent Councils to seek their views about future attendance at the Boards and 3 out of 5 have expressed the view that they no longer wish to be formally represented. Chesterfield BC expressed the desire to continue in some

capacity in respect of the Skills Board and (informally) Bassetlaw in respect of the Infrastructure Board.

2. Proposal and justification

- 2.1** Subject only to a formal response from Bassetlaw, given the position of the Non-Constituent Authorities it is proposed that for all the Boards (except for Transport (where there is already only one representative from the Non-Constituent Authorities, reflecting the South Yorkshire nature of MCA transport activity)) the membership be varied to remove their membership from the Boards, except for Skills Board (where the membership will reflect Chesterfield's wish for the Leader to remain as an active participant) and Infrastructure Board (where the membership will reflect Bassetlaw's wish for the Leader to remain as an active participant).
- 2.2** It is proposed that the quoracy provision for each Board be reduced from 7 to 5 Members, but that to be quorate at least one LEP representative and 2 members from the Constituent Authorities must be present.
- 2.3** It is also proposed that the position of the Non-Constituent Authorities is clarified in the Terms of Reference to set out they will have the right to send an attendee to Board meetings and participate in discussions, but that they have no voting rights. It should be noted that these changes do not change the membership of the MCA itself and the Leaders of the 5 Non-Constituent Authorities remain members and free to attend as know. Changes to the MCA membership can only be changed by statutory instrument.
- 2.4** The Terms of Reference also include a process for taking decisions between meetings. The process is to be used by exception only. The drafting is unclear as to what counts as a "unanimous" decision, being either i) unanimity of those that respond by the decision deadline; or ii) unanimity of all members of the Board. The proposed is to clarify the drafting to reflect option i above.

3. Consideration of alternative approaches

- 3.1** Remain as is - This will mean there is an on-going issue over quoracy and the membership of the Boards will not reflect the position of the 3 Non-Constituent Authorities that have expressed the view that they do not want to have formal membership of these Boards.
- 3.2** Reduce the quoracy requirement to 5 members and leave all 5 Non-Constituent Authorities as having the right to nominate representatives to the Board- the membership of the Boards would not reflect the position of the 3 Non-Constituent Authorities that have expressed the view that they do not want to have formal membership of these Boards.
- 3.3** Remove all 5 Non-Constituent Authorities right to nominate a member of the Boards - This would not reflect the position of Chesterfield Borough Council, who, as a Member of the MCA has the expectation to be able to be represented at the Boards.

4. Implications

4.1 Financial

None.

4.2 Legal

The Constitution needs to be amended following the approval of the MCA. The proposed amendments to reflect the recommendations made in this report and set out in the Appendix to this report.

4.3 Risk Management

The changes will mitigate the present risk that Board meetings are not quorate.

4.4 Equality, Diversity and Social Inclusion

None.

5. Communications

5.1 None.

6. Appendices/Annexes

6.1 None.

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9th September 2019

The likely impacts of a no-deal Brexit on the SCR

Purpose of Report

With the UK set to leave the EU on 31 October, this paper outlines the potential risks of a no-deal Brexit to the SCR economy. The paper seeks to stimulate a discussion on potential impacts of a no-deal scenario and consider additional work to prepare and mitigate for a no-deal Brexit.

Thematic Priority

Cross Cutting - Economic

Freedom of Information

This paper will be available under the SCR Publication Scheme.

Recommendations

That Board members:

- Consider and agree the areas of activity detailed in this paper, against which to commence or accelerate activity.
- Consider the merits and purpose of establishing an Economic Resilience Taskforce.

1. Introduction

1.1 A report on preparing for the likely economic impacts on the SCR was taken to the LEP Board meeting in January 2019 and to the Overview and Scrutiny Committee in April 2019. This report outlined that the Government's long-term economic analysis showed a likely fall in GDP growth over a 15-year period on an increasing scale depending on how far the Withdrawal Agreement is from the current EU trade arrangement, with no-deal being the worst-case scenario.

1.2 Activities agreed by the LEP Board included the following:

- Development and publication of a Brexit Toolkit for businesses to consider and evaluate their preparedness and seek additional support;
- Active participation on the SCR Local Resilience Forum and, with other key local stakeholders, supporting businesses to collaborate on business intelligence;
- Lobbying civil servants on the importance of replacing European funding.

- 1.3** With a no-deal Brexit increasing in likelihood, and with national Government intensifying its no-deal preparations, it is important that the LEP considers the increased risks on the SCR economy posed by this scenario and any actions or mitigation measures required.
- 1.4** A paper was taken to the Business Growth Board on 28 August. Board Members agreed that the SCR should improve its level of business and market intelligence to enable increased targeting of support, put in place plans for an economic resilience / rapid response taskforce in case this is required and to continue and ramp up engagement with partner organisations.

2. Proposal and justification

2.1 Business preparedness

Intelligence from businesses, received via the Growth Hub, indicates that some businesses, having prepared once, do not want to do so again until there is more certainty on the outcome. Many SMEs are concerned about the impact of Brexit and are putting growth plans on hold, and investment decisions are being delayed.

Work is commencing to improve access to market intelligence thus better enabling the targeting of businesses support. An important part of this will be improved intelligence of the activities and behaviours of foreign-owned, and/or export-led, and/or strategically important SCR businesses.

Further actions to consider

- Further specialist business advisers and/or experts in tariffs to provide practical advice to exporters and develop a targeted marketing and support campaign for businesses in at risk supply chains trading with the EU. This could be delivered in association with the Chambers and other partners to add value to existing support.
- Provide more intensive support to our existing investors to support their continued retention within the SCR.

2.2 Business and institutional investment

The SCR, alongside other regions of the UK, has experienced a reduction in new investment enquiries following the outcome of the EU Referendum. In addition to a reduced investment pipeline, existing schemes are often being delayed pending clarity regarding the Brexit outcome.

There will be opportunities for future investment in a no-deal Brexit scenario. Government may want to invest in place-based interventions where an area has strengths and can show how it needs to grow.

Further actions to consider

- Develop a compelling investment pitch for the region to secure increased levels of institutional investment in infrastructure and property.
- Consider that some of SCR's investment might shift from job creation and growth towards resilience and safeguarding.

2.3 Economic Resilience Taskforce

SCR has met with the Local Resilience Forum and is working with them to provide the economic risk and preparedness. In support of the Local Resilience Forum, an Economic Resilience Taskforce could be convened. This will only be effective if sufficient resources can be marshalled and deployed at short notice. This taskforce can oversee actions and report both to the LEP (and sub-boards) and the LRF as appropriate.

2.4 Labour market including retraining

Rapid response services and retraining will be an important part of any response to an economic shock. The most recent experience of this was with Tata Steels and a lessons learned document was produced. Partners need to be prepared to consider how to mobilise quickly if there is such a shock and job losses.

There is also a need to consider the operation of the labour market more broadly, particularly those sectors that employ a greater proportion of migrant workers, including the logistics sector, the NHS, and further education. In the case of an economic shock evidence suggests that part time workers could be most vulnerable.

Further Actions to consider

- Partner planning for a rapid response task force
- Options to be developed on proposal for a retraining pilot

2.5 Government engagement

SCR Executive will continue to engage with Government ministers and civil servants. The Local Resilience Forum agrees that there is a need for an economic risk assessment and mitigation plan to maximise the opportunities and mitigate the risks of a no-deal Brexit.

3. Consideration of alternative approaches

3.1 Do nothing: The LEP could leave it to other organisations to plan for the likely effects of a no-deal Brexit. However, the underpinning purpose of both the LEP and MCA is economic development and therefore planning to maximise opportunities and mitigate for a potential economic shock in the region would fall under the SCR LEP and MCA's remit.

3.2 Other actions the SCR could do:

1. Ramp up the marketing of the BREXIT tool and promotion of other support via Chambers, FSB and other partners.
2. Improve intelligence on the national and local support offer and consider any gaps. Plan to enable the Growth Hub Service to swiftly translate the resultant outcomes of the deal/no-deal scenario into how businesses 'action' the outcomes and what measures they need to implement.
3. Accelerate the development of the revised SCR international trade programme, focusing on new, non-EU markets.
4. It has been announced that ten free ports will be created following Brexit. This provides a potential opportunity to be explored in relation to Doncaster Sheffield Airport.
5. Develop and implement lead generation capabilities to attract UK businesses to scale-up in the SCR. An example is the recent decision by UK Atomic Energy Authority (UKAEA) to invest in Rotherham.

4. Implications

4.1 Financial

Government's own analysis found that a no-deal could hit Yorkshire and the Humber's GDP by 8.5% over the next 15 years.

The MCA, like other Local Authorities, has a small amount of resource to target on Brexit preparations. The prioritisation of actions discussed in this paper will influence how this resource is deployed.

4.2 Legal

There are no direct legal implications to this paper at this stage.

4.3 Risk Management

The SCR Overview and Scrutiny Committee have suggested that the MCA / LEP have a Brexit Risk Register. Board Members are asked to consider this.

4.4 Equality, Diversity and Social Inclusion

A no-deal Brexit may disproportionately affect women and part-time workers in the SCR.

5. Communications

5.1 Many of the actions outlined in this report will have significant implications for communication activity. The proposal is that the SCR Executive Communications Team produce a communication plan of activity. This will include, but is not limited to:

- Lobbying of government for clarity over future funding (Shared Prosperity Funding) in order to design and resource programmes for businesses and individuals;
- Business communication to encourage preparedness and signpost to support;
- Stakeholder/partner liaison to share and communicate knowledge and intelligence

6. Appendices/Annexes

6.1 N/A

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Other sources and references:

September 2019

Mayor's Update

Purpose of Report

To provide LEP Board Members with an update on key Mayoral activity relating to the economic agenda.

1. Brexit

As the date by which we will leave the EU draws ever closer, the need for certainty on the terms by which we will do so becomes even greater. This is vital for businesses, people and communities across the City Region and beyond to plan for their own future.

It's absolutely right that this is on our agenda for today's meeting in terms of how we can best maximise the opportunities surrounding Brexit and mitigate the risk on the regional economy.

Amidst such uncertainty it's vital that we articulate our own vision for the future of the Sheffield City Region (SCR), which is why it's also timely that we are discussing our new Strategic Economic Plan and Local Industrial Strategy. Particularly, whilst globally economic growth is slowing down. As we must set out a bold vision, for transformative, inclusive growth, providing opportunities for all our people, businesses and communities.

2. Devolution

It was good to see the new Prime Minister in the North at the end of July. I welcomed his commitment to deliver Northern Powerhouse Rail, more powers for Metro Mayors and local authorities offering real devolution for our communities, providing better bus services and committing greater investment to the Stronger Towns Fund.

What the North really needs is a sustained programme of investment to level regional inequalities and unlock its huge potential.

We now need to see action, not just words. I am deeply committed to implementing the proposal that South Yorkshire leaders and I agreed earlier this year to unlock devolution and have written to the new Prime Minister to this effect. But I cannot do this alone.

This proposal will only become a reality by continuing to work with colleagues across the North and with the new Government. One Yorkshire Leaders, including myself, have set out new proposals to urgently unlock the benefits of devolution to all parts of the region while creating a pathway to a full One Yorkshire devolution deal in 2022, in a letter to the Prime Minister.

As part of the 'M9' group of metro mayors in England, we have also made the case for the need for a bolder and more ambitious devolution policy. As one of the most centralised countries amongst OECD nations, with UK local government controlling only 1.6% of GDP in comparison to 6% in France, 11% in Germany and 16% in Sweden there is a strong case for more decisions to be made much closer to local people.

3. Convention for the North, with the Northern Powerhouse 11

Sheffield City Region is set to host the biggest ever Convention of the North with NP11, on Friday 13 September at Magna Science Adventure Centre, in Rotherham. Bringing together the North's political, business, community and academic leaders, along with young people's groups to discuss their common agenda, of the future of the North.

The Convention will make a powerful, unified case to the new Prime Minister and Government for tangible investment in the Northern Powerhouse, putting it at the top of the economic agenda, so that it can fulfil its potentially transformational role in the future of the UK.

4. Integrated Rail Plan

In July I launched an ambitious new plan for the future of the Sheffield City Region's rail network. The Integrated Rail Plan, has been welcomed by the Department for Transport. It was produced by Sheffield City Region and its local authority partners, supported by organisations including Transport for the North.

It sets out a vision for how the region will be better connected by both high speed and conventional rail networks into the future – regionally, across the North, and nationally.

The plan recognises that, while the benefits of national investment in HS2 and Northern Powerhouse Rail (NPR), should be maximised, there needs to be ongoing, complementary investment in the local and regional rail and road networks. By doing this, the plan can best improve capacity, reliability, affordability, and journey times for communities and businesses across the Sheffield City Region.

Key elements of the plan include a proposed new Barnsley Dearne Valley railway station, with the preferred location on a site in Goldthorpe; the creation of a new Midland Main Line station in Rotherham; an East Coast Main Line railway station at Doncaster Sheffield Airport; extension of the Tram-Train, the upgrade of the Hope Valley Line; and significant upgrades of the railway stations at both Sheffield and Chesterfield, to accommodate HS2 services.

5. Free travel passes for those on employment schemes

The Mayoral Combined Authority has agreed to offer free travel passes from the 1st October to people taking part in selected employment support schemes across South Yorkshire.

£330,000 is being made available to offer time limited free travel on public transport to eligible participants in the following schemes:

- The Working Win Health Led Employment Trial
- The Work and Health Programme
- Pathways to Progression
- Pathways to Success

The free passes will be made available to support people accessing these schemes and transitioning into work. The four employment schemes have so far supported approximately 7000 people who are either out of work or struggling in employment due to a physical or mental health condition.

6. Statutory Officer Appointment

The MCA at its June 2019 meeting made a number of decisions regarding the Statutory Officer roles:

- Mr Steve Davenport, has commenced in the role of the Monitoring Officer.
- The process to appoint an Interim MCA Group Finance Director is scheduled for w/c 2nd September. There will be a process to recruit to the substantive post commencing in October/ November.
- The process to recruit the CEX (Head of Paid Service) on a fixed term basic until June 2022 is now underway and is scheduled to be concluded by the 27th September 2019.

September 2019

Chief Executive's Update

Purpose of Report

To provide LEP Board Members with a general update on activity being undertaken by the LEP outside of the agenda items under discussion.

- 1. Convention for the North:** On 13th September a meeting of the Convention for the North will take place. The event is taking place at Magna, Rotherham and will bring together elected Mayors, council leaders, the private sector and representatives from civil society to discuss key issues affecting the North of England. The event is being supported by the eleven LEPs from across the North.
- 2. Business engagement:** A number of business engagement events are taking place to discuss the Strategic Economic Plan and Local Industrial Strategy. These events, run in conjunction with the Chambers of Commerce and other representative groups, are informing the development of the work in advance of the formal consultation period.
- 3. Annual General Meeting:** work continues to be done on the development of a LEP AGM and business conference that will take place before the end of the year.
- 4. Spending Review:** the Chancellor has indicated that there will be a limited 1 year Spending Review to enable Government Departments to plan for 2020/21. The review will not include capital funding outside of those funds already announced by the Government. It is unlikely that there will be any announcements regarding replacements for both Local Growth and European Structural funds.
- 5. Quarterly Economic Survey –** the joint project with the SCR Chambers of Commerce, the LEP and the University of Sheffield Management School will recommence this quarter. Quarterly survey results will be reported to the LEP and will inform prioritisation and policy development.
- 6. Future High Streets Fund –** both Barnsley and Doncaster have had their Future High Streets Fund proposals added to the shortlist for the next stage. The new Prime Minister pledged to increase the fund by £350m. These proposals join Sheffield and Rotherham in the shortlist.
- 7. Transport for the North Partnership Board:** The next meeting of Transport for the North will take place on Thursday 12th September.

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