

Public Document Pack



Friday, 22 May 2020

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

NOTICE OF MEETING

You are hereby summoned to a meeting of the Sheffield City Regional Mayoral Combined Authority to be held as a **Virtual Meeting**, on: **Monday, 1 June 2020** at **11.00 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

Webcasting Notice

This meeting will be filmed for live or subsequent broadcast via the Mayoral Combined Authority's website.

You should be aware that the Mayoral Combined Authority is a Data Controller under the Data Protection Act 2018. Data collected during this webcast will be retained in accordance with the Mayoral Combined Authority's published policy.

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You can view the agenda and papers at www.sheffieldcityregion.org.uk or use a smart phone camera and scan the QR code:

Member Distribution

Mayor Dan Jarvis MBE (Chair)
Councillor Chris Read (Vice-Chair)
Councillor Garry Purdy
Councillor Julie Dore
Councillor Martin Thacker MBE
Mayor Ros Jones CBE
Councillor Simon Greaves
Councillor Sir Steve Houghton CBE
Councillor Steve Fritchley
Councillor Tricia Gilby
James Muir

SCR Mayoral Combined Authority
Rotherham MBC
Derbyshire Dales DC
Sheffield City Council
NE Derbyshire DC
Doncaster MBC
Bassetlaw DC
Barnsley MBC
Bolsover DC
Chesterfield BC
Chair of LEP Board

SCR - Mayoral Combined Authority Board

Monday, 1 June 2020 at 11.00 am

Venue: Virtual Meeting



Agenda

Agenda Ref No	Subject	Lead	Page
1.	Welcome and Apologies	Mayor Dan Jarvis	
2.	Announcements	Mayor Dan Jarvis	
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.	Mayor Dan Jarvis	
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.)	Mayor Dan Jarvis	
5.	Voting Rights for Non-constituent Members To identify whether there are any items of business that apply only to the South Yorkshire Members of the Mayoral Combined Authority, ie, where it would not be appropriate for non-SY Members to have voting rights.	Mayor Dan Jarvis	
6.	Declarations of Interest by individual Members in relation to any item of business on the agenda Declarations of Interest by individual Members in relation to any item of business on the agenda.	Mayor Dan Jarvis	
7.	Reports from and questions by members	Mayor Dan Jarvis	
8.	Receipt of Petitions	Mayor Dan Jarvis	

9.	Public Questions	Mayor Dan Jarvis	
10.	Decisions taken under Urgency Provisions	Dr D Smith	5 - 8
11.	Minutes of the meeting held on	Mayor Dan Jarvis	9 - 14
12.	2020/21 Proposed MCA/LEP Revenue Budget	Mr N O'Neill	15 - 24
13.	Treasury Management Strategy 2020/21	Mr N O'Neill	25 - 50
14.	MCA/LEP Revenue and Capital Outturn 2019/20	Mr N O'Neill	51 - 60
15.	Grant Acceptance and LGF 2020/21 Position	Ms Sue Sykes	61 - 66
16.	LGF Programme Approvals	Ms Sue Sykes	67 - 72
17.	Active Travel Implementation Plan	Mr Mark Lynam	73 - 126
18.	Assurance Framework	Dr R Adams	127 - 182
19.	Decisions & Delegated Authority Report	Dr D Smith	183 - 188
20.	Submission of Mass Transit Outline Business Case to DfT	Mr Mark Lynam	189 - 210
<p>Date of next meeting: Monday, 27 July 2020 at 11.00 am At: Sheffield City Region, 11 Broad Street West, Sheffield S1 2BQ</p>			

1st June 2020

Decisions taken under Urgency Provisions

Purpose of Report

This paper reports the decisions taken under the urgency provisions within the Combined Authority Constitution (Part 5A, Paragraph 16).

Thematic Priority

Not applicable.

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

This paper and any appendices will be made available under the Combined Authority Publication Scheme. This scheme commits the Authority to make information about how decisions are made available to the public as part of its normal business activities.

Recommendations

Members are asked to note the decisions taken under the urgency provisions within the Combined Authority Constitution (Part 5A, Paragraph 16) due to the cancellation of the Combined Authority meeting 23rd March 2020 and the Grant offer to support Supertram operations made by the Department of Transport (DfT) 7th May 2020.

1. Introduction

- 1.1 Due to the introduction of social distancing measures as a result of the Covid-19 pandemic, the Combined Authority meeting scheduled to take place 23rd March 2020 was cancelled. In addition, on 7th May the Department for Transport offered the MCA an operational revenue support grant for the Supertram system.
- 1.2 This paper reports the decisions taken under the urgency provisions within the Combined Authority Constitution (Part 5A, Paragraph 16).

2. Proposal and justification

- 2.1 Part 5A, paragraph 16 empowers the Head of Paid Service and the Monitoring Officer individually to take any action which is required as a matter of urgency in the interests of the Authority, after consultation (where practicable) with the Chair of the Authority or the Chair of an appropriate committee (including, where required, the Chair of the Scrutiny Committee), on behalf of and within the powers and duties of the Authority or its Committees.

Further to the cancellation of the Combined Authority meeting 23rd March and the offer of a grant from the DfT for Supertram support, this provision was invoked due to the need to take urgent decisions. The following urgent decisions were taken:

2.2 Group Finance Director

- Following a full recruitment process an urgent decision was required regarding the appointment of Gareth Sutton as Group Finance Director as it was not feasible to wait until the next MCA meeting to make the job offer.

2.3 Transforming Cities Fund grant

- An urgent decision was required regarding the acceptance of the Transforming Cities Fund grant. The grant needed to be accepted prior to the date of the next MCA meeting as not accepting the grant could have resulted in losing the funding.
- The paper also sought approval of a new approach to enable earlier release of scheme development costs in order to mitigate the risks associated with the development and delivery of large schemes.

2.4 Supertram

- Acceptance of operational revenue support grant for Supertram for a 12 week period from 17th March arising as a result of the impacts of Covid 19. An urgent decision was required as the grant needed to be accepted prior to the date of the next MCA meeting. Not accepting the grant could have resulted in losing the funding.

3. Consideration of alternative approaches

- 3.1** South Yorkshire Leaders were consulted regarding the use of the urgency provision in relation to 2.2 and 2.3.

4. Implications

4.1 Financial

The urgent decisions were required to secure the grants being offered and not taking the decisions could have had negative financial impacts.

4.2 Legal

There are no specific legal implications arising from the contents of this report. The grant offers are subject to conditions that the MCA and other grant recipients will need to comply with.

4.3 Risk Management

Invoking urgency provisions ensured there was no unnecessary delay to MCA business which may have impacted on the ability to meet statutory requirements and to progress strategic objectives.

Not accepting grant offers risked the grant offers being withdrawn and funding lost.

4.4 Equality, Diversity and Social Inclusion

There are no specific equality, diversity and social inclusion implications of this report. The recruitment process followed was a fair/open and transparent process.

The grant funding to be received will have positive equality implications by improving and retaining public transport for all users.

5. Communications

- 5.1** The decisions taken have been published on the SCR website.

6. Appendices/Annexes

- 6.1** None.

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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:

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SCR - MAYORAL COMBINED AUTHORITY BOARD**MINUTES OF THE MEETING HELD ON:****WEDNESDAY, 15 APRIL 2020 AT 11.00 AM****VIRTUAL - ONLINE MEETING****Present:**

Mayor Dan Jarvis MBE (Chair)	SCR Mayoral Combined Authority
Councillor Chris Read (Vice-Chair)	Rotherham MBC
Mayor Ros Jones CBE	Doncaster MBC
Councillor Simon Greaves	Bassetlaw DC
Councillor Sir Steve Houghton CBE	Barnsley MBC

Officers in Attendance:

Damian Allen	Interim Chief Executive, Doncaster MBC	Doncaster BMC
Huw Bowen	Chief Executive of Chesterfield Borough Council	Chesterfield BC
Dan Swaine	Chief Executive of Bolsover District Council/NE Derbyshire District Council	Bolsover DC
Neil Taylor	Chief Executive of Bassetlaw District Council	Bassetlaw DC
Charlie Adan	Interim Chief Executive of Sheffield CC	Sheffield City Council
Sharon Kemp	Chief Executive of Rotherham Metropolitan Borough Council	Rotherham MBC
Paul Wilson	Chief Executive of Derbyshire Dales District Council	Derbyshire Dales DC
Dr Dave Smith	Chief Executive	SCR Executive Team
Dr Ruth Adams	Deputy Chief Executive	SCR Executive Team
Mike Thomas	Senior Finance Manager/ Deputy S73 Officer	SCR Executive Team
Noel O'Neill	Chief Finance Officer/S73 Officer	Sheffield City Region
Steve Davenport	Principal Solicitor & Monitoring Officer	SCR Executive Team
Fiona Boden	Policy Adviser - Mayor	SCR Executive Team
Jeni Harvey	Press and Communications Manager	SCR Executive Team
Mark Lynam	Director of Transport, Housing and Infrastructure	SCR Executive Team
Stephen Batey	Director, Mayor's Office	SCR Mayor's Office

In Attendance

Craig Tyler (Minute Taker)

Apologies:

Councillor Garry Purdy
Councillor Julie Dore
Councillor Martin Thacker MBE
Councillor Steve Fritchley
Councillor Tricia Gilby
James Muir
Sarah Norman
Stephen Edwards

Derbyshire Dales DC
Sheffield City Council
NE Derbyshire DC
Bolsover DC
Chesterfield BC
Chair of LEP Board
Barnsley MBC
SYLTE

1 Welcome and Apologies

The Mayor welcomed everyone to first virtual meeting of the SCR MCA.

The Mayor confirmed that whilst the meeting was not taking place at Broad Street West in the usual way, it was still being webcast.

Members' apologies were noted as above.

2 Announcements

The Mayor reported he is working to support our residents through the gravest public health emergency any of us have faced. He recognised that this is an incredibly difficult and challenging time for our local communities, people and businesses. He and other members of the Authority are working around the clock to ensure that South Yorkshire is best equipped to contribute to the fight against the Coronavirus.

It was noted the Mayor is receiving regular briefings from our Local Resilience Forum and is in daily contact with our Directors of Public Health, Local Authorities, NHS trusts, the Police and business community.

The Mayor reassured everyone that the best possible preparations are being made.

In the previous week the Mayor had brought together key regional stakeholders and anchor institutions to forge a collective economic response to the crisis through the South Yorkshire Economic Recovery Taskforce.

It was noted additional resource has been put into the SCR Growth Hub, to ensure South Yorkshire businesses can access advice and support during COVID-19. The scope for flexing the Skills Bank initiative to offer additional training for businesses that need help to stabilise and move, for example, to online operations is also being explored.

The Mayor noted he has taken steps to ensure the continued resilience of the public transport system to enable key workers to get to where they need to be

and has succeeded in getting concessionary travel to the over 65s extended to ensure they can access supermarket grace shopping periods.

It was noted the issue of workers' rights and social distancing guidelines for warehouse and distribution staff in South Yorkshire has been raised directly with the Business Secretary.

The Mayor noted that this is a worrying and stressful time for the communities that members of the Authority were elected to serve, but that we are also seeing an extraordinary and inspirational resilience from our people, many of whom are stepping up to ensure that their neighbours get the support and essential supplies they need.

The Mayor proposed that the MCA has a vital role to play, both in the response to the Coronavirus pandemic and in the South Yorkshire we rebuild – together - in its aftermath.

3 Urgent Items

The Mayor asked Steve Davenport, SCR Principal Solicitor and Monitoring Officer to explain the main points of compliance in respect of convening a virtual meeting.

It was noted this is covered by the legislation introduced through the Coronavirus Act 2020 which reduces the resourcing and administrative burden on public bodies and includes new capabilities to allow virtual public meetings, providing those meetings are webcast.

RESOLVED, that the MCA Constitution be amended to reflect the Coronavirus Act 2020 legislation, including the conferring of voting rights and inclusion in the quoracy figures for Members attending virtually.

4 Items to be Considered in the Absence of Public and Press

None.

5 Voting Rights for Non-constituent Members

It was agreed that voting rights may not be conferred on the non-Constituent Members for agenda item 11 (Progressing the South Yorkshire Devolution Deal: Summary of the Public Consultation) as the matter concerns the constituent councils only.

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

None.

7 Reports from and questions by members

None.

8 **Receipt of Petitions**

None received.

9 **Public Questions**

None received.

10 **Minutes of the meeting held on 27th January 2020**

RESOLVED, that the minutes of the meeting held on 27th January are agreed to be an accurate record.

11 **Progressing the South Yorkshire Devolution Deal: Summary of the Public Consultation**

A report was presented to summarise progress in the implementation of the South Yorkshire Devolution Deal

Focussed on summarising the results of the recent public consultation, the report recommended the submission of the outcomes of this process to the Secretary of State, as the next step to unlocking devolution.

The Mayor invited Dave Smith, SCR Chief Executive, to summarise the outcomes of the consultation exercise and next steps.

It was noted 675 representations and responses had been received following the six week consultation that was undertaken between February and March (summarised at Appendix A to the report).

The meeting was informed that if the MCA is minded to agree to submit the findings of the consultation, the Secretary of State would then produce a draft powers Order, which would require the consent of all Constituent Councils, the MCA and the Mayor by the 8th June to enable the order to be laid before Parliament ahead of the summer recess.

Consideration was given to two proposed amendments to the published report i. It was agreed to reference in the main body of the covering report at paragraph 4.6 the stated positions of Barnsley MBC and Doncaster MBC in respect of their intentions to join a Yorkshire-wide Authority should such an entity develop out of the current Yorkshire Leaders Group. A revised version of the cover report will be published incorporating this amendment. To seek confirmation from the government that the position adopted in 2017 in respect of the Mayor having to be in the voting majority for all new powers remains the position.

It was agreed that the published recommendations would be amended to read as follows.

RESOLVED, that the MCA:

1. Notes the outcome of the consultation undertaken (as outlined in Annex

A and B)

2. Agrees to submit the reports on the consultation at Annexes A, B and C alongside the Governance Review and Scheme to the Secretary of State. In agreement to sign the Deal and agrees to seek in writing from the Secretary of State, that the government is continuing to uphold the position adopted in 2017 in respect to the Mayor having to be in the voting majority in the exercise of all new MCA Devolution Powers.
3. Delegates to the Head of Paid Service, in consultation with the Mayor and the MCA Members from the four Constituent Authorities, authority to take forward and conclude the legal steps necessary to implement the Devolution Deal including consenting on behalf of the Authority to the enabling Powers Order, provided that such Order corresponds to the proposals contained in the Governance Review and Scheme, agreed by the MCA in January.

11 **Mayor's Closing Remarks**

The Mayor recognised this would be Andrew Frosdick's final SCR MCA meeting ahead of his retirement. The Mayor led Members in thanking Andrew for all his years of sterling service to the Authority, as well as to Barnsley Council.

The Mayor thanked everyone playing their part in tackling this emergency, from NHS staff to shop workers, from refuse collection workers to bus drivers, and not forgetting the staff in so many call centres helping those in need. The Mayor noted our thoughts are with those who have been directly affected by the virus and their loved ones.

The Mayor noted that the Coronavirus is the biggest challenge we face. He strongly urged everyone to continue to follow the guidance issued by the NHS and Public Health England to contain this virus and ensure we can come through this emergency together.

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

Signed

Name

Position

Date

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1st June 2020

2020/21 Proposed MCA/LEP Revenue Budget

Purpose of Report

This paper sets out the proposed Sheffield City Region MCA/LEP Revenue Budget for financial year 2020/21. The MCA Board approval is sought for the budget in line with MCA Constitution.

Thematic Priority

All 6 thematic priorities apply due to the cross-cutting nature of the annual budget.

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

This paper is not exempt from the Freedom of Information Act 2000

Recommendation

1. Board Members are asked to consider the detail explained within the report and approve the revenue budget for 2020/21 as set out in Appendix 1.

1. Introduction

- 1.1 This paper sets out the proposed 2020/21 MCA/LEP Revenue Budget which has been finalised following consultation with key stakeholders and LEP Board on 5th March 2020. Formal approval is sought from MCA Board in line with MCA Constitution.
- 1.2 The proposed budget has been developed in line with the Medium-Term Financial Strategy agreed at MCA in November 2019. It is based upon the going concern principle and the known funding sources for 2020/21. Members will recall the context of developing the strategy was a £1m reduction in Enterprise Zone receipts because of the LEP Review. Early consideration at MCA Board and management review of operational structures has helped address this gap. This report will explain how that has been captured and incorporated into 2020/21 Budget proposal.
- 1.3 It does not include any allowance for monies which may be devolved to the SCRMCA in 2020/21. Should this process be completed by summer 2020 and monies devolved, a revised 2020/21 budget report will be produced and brought back to the LEP and the MCA in Autumn 2020 for approval. This will be part of developing a new robust 5-year financial strategy.

2. Proposal and justification

2.1 The budget report sets out the operational revenue expenditure budget for 2020/21 and the income sources that fund that activity. Key activities that will be undertaken within this budget allocation include;

- Business Growth & Investment
- Skills Programmes
- Infrastructure & Housing Programmes
- Transport Programmes including Transforming Cities Fund
- Running LEP/MCA
- Mayoral Priorities
- Preparedness for more devolved funding

2.2 Cost centres have been introduced in 2020/21 that greater reflect our operational activity and gross costs and gross income shown. The changes introduced will generate greater transparency of costs and better comparability against other organisations. Direct comparison to 2019/20 budget is a challenge because of the change in basis but it is addressed in each section. They also identify the assumptions used in determining the budget and the pressures absorbed.

2.3 Revenue Budget

The summary revenue budget is shown below setting out the gross cost centre budgets for the current operational structure. Cost centre budgets are shown in Appendix 1. Previously this has been shared with section 151 officers of the constituent authorities as well as vice chair of LEP and Chair of Business Growth Executive Board.

Table 1 Summary Revenue Budget 2020/21

	Employee Costs £	Non Staffing Costs £	Operational Expenditure £
Business Growth, Skills & Employment	1,408,453	1,087,000	2,495,453
Transport, Infrastructure & Housing	1,452,687	650,000	2,102,687
Governance & Mayoral Office	488,483	117,551	606,034
Chief Executive Office	1,328,352	490,000	1,818,352
Business Services	531,509	953,449	1,484,958
Property Running Costs	39,798	1,688,785	1,728,583
Vacancy Allowance	250,000		250,000
TOTAL OPERATIONAL BUDGET	4,999,281	4,986,785	9,986,066
INCOME			-9,702,755
PLANNED USE OF GENERAL FUND BALANCES			283,311

The proposed budget is planning to utilise £283,311 of revenue reserves in 2020/21. This is in line with the MTFs approved at MCA Board in November 2019 and updated at January LEP Board. The affordability is discussed in section 2.8 below.

2.4 Staff Costs

The gross staffing budget for 2020/21 is just under £5m. The original gross staffing budget for 2019/20 was £5.208m. This reduction in budget does not reflect the whole picture.

- Net salary underspending has been reported to Board during the year. Management review of vacancies has resulted in reduction of establishment by 12% and a budget saving.
- A pay award of 2% has been assumed from 1st April 2020 but that is still subject to national negotiation.
- Transforming Cities Funding has been assumed and additional posts across the organisation have been included in the budget.
- The post review staffing numbers and the total cost reflect the emerging work of LEP/MCA and are comparable to others.
- A 5% vacancy allowance has also been included to reflect staff turnover in the year.

2.5 Non-Staffing Costs

These costs represent the costs of operating a LEP/MCA organisation and include costs of consultancy support to develop new policies and programmes, revenue programmes such as Active Travel and Skills, property costs, service agreements, ICT, HR to name a few. The introduction of new cost centres detailed in Appendix 1 allows for greater transparency and control.

The new presentation of cost centres and gross costs present a challenge of direct comparison between years in Appendix 1. However, the table below allows comparison at a broader level.

Table 2 – Comparison of Non-Staff Costs between years

	2019/20	2020/21	Budget Change
	<u>£000</u>	<u>£000</u>	<u>£000</u>
SEP/LIS Budget	1,760		
Business, Growth and Skills		650	
Transport, Infrastructure & Housing		450	
Chief Executive Office	<u>0</u>	<u>500</u>	
	1,760	1,600	-160i
LGF Consultancy	150	150	0
AMP	1,020	1,115	95ii
Other Property	605	574	-31
Growth Hub	400	337	-63iii
Active Travel	150	150	0
Business Services	960	953	-7
Governance	<u>75</u>	<u>107</u>	<u>32</u>
	5,120	4,986	-134

Notes

- i. As stated in the Medium-Term Financial Strategy, revenue resources have been scrutinised. The SEP/LIS budget has been allocated to priority areas in line requirements to deliver the priority areas. This has resulted in a budget reduction.
- ii. This budget reflects the additional running costs of AMP. There is additional income from this facility to more than compensate.
- iii. It appears that there is a budget reduction in Growth Hub Funding for 2020/21. However, that is not the case. Growth Hub is supported by annual BEIS grant and funding from a special reserve set up with specific BEIS funding several years ago. The difference represents the change in planned draw down from the reserve.

2.6 Income Budget

- 2.6.1 The income budget is summarised in the table above. This section looks at the detail and a comparison to 2019/20 where possible. Table 3 below looks at General Income. Comparison is made with 2019/20 and explanation of the variances are shown in the notes below.

Table 3 – General Income

	2019/20	2020/21	Variance	
	£000's	£000's	£000's	
Enterprise Zone Business Rates	3,023	2,009	-1,014	i
BEIS LEP Grant	500	500	0	
BEIS Growth Hub Grant	410	410	0	
Transport Hub Subscriptions	1,000	1,000	0	
LEP Subscriptions	204	184	-20	i
AMP Income	1,428	1,620	192	ii
Treasury Management	195	400	205	iii
Other Property Income	155	155	0	
	6,915	6,278	-637	

Notes

- i. As previously discussed at Board, the major factor is the reduction of income from the realignment of LEP boundaries and the loss of £1m of enterprise zone receipts from Chesterfield. This has also resulted in a reduction of subscriptions.
- ii. Greater revenue has been generated from more activity at AMP in 2019/20. The budget has been adjusted to reflect the overall position.
- iii. Cash flow modelling has been re-examined during the budget process and the expected level of Treasury Management returns increased for the budget although rates will remain static.

- 2.6.2 The other aspect of income when working on a gross basis is Specific Grants and Recharges. The detail of 2020/21 budget is shown below in Table 4. Comparison between years is difficult for area because it varies significantly between years based upon activity

and much of the activity is procured as required. However, where sensible, a comparator has been shown. Some narrative explanation is shown in the notes underneath the table.

Table 4 – Specific Grant and Recharges

	2019/20	2020/21	
	0	1	
	£000's	£000's	
Local Growth Fund	1,150	1,150	i
Transforming Cities Fund Grant	0	480	ii
MCF Staffing	350	350	iii
MCF Active Travel	75	150	iii
Sustainable Travel Access Fund	25	25	
Skills Bank	324	220	
Planning & Delivery	112	45	
One Public Estate	90	15	
WHU Trial	391	170	
Energy & Sustainability	57	40	
SYPTTE & Levy	526	449	iv
Growth Hub Reserve	340	280	
Miscellaneous	<u>51</u>	<u>51</u>	
	3,491	3,425	

Notes

- i. This is the eligible element of LGF for programme management.
- ii. TCF funding has been assumed for 2020/21. This is the estimated administration element of TCF for 2020/21
- iii. This is the elements of MCF that have been costed in the budget at this stage. £500k of the 2020/21 funding is available for programmes in the year including follow up to Bus Review.
- iv. Some services are shared and some are recharges for the management of some PTE activity. Some changes have been made in the year in the respective costs of these services.

2.7 Revenue Programmes

SCR manage several revenue programmes. The funding and spending is outside the core budget but some commentary is appropriate for a complete budget picture. It is anticipated that SCR will deploy £6.2m across the region and this is shown in Table 5 below.

Table 5 Revenue Programme 2020/21

Programme Activity	Thematic Area	2019/20	2020/21	
		Outturn	Budget	
		£'000	£'000	
Health Led Employment Support Trial	Skills & Employment	2,179	1,499	i
Skills Bank	Skills & Employment	1,157	790	ii
Enterprise Advisor Pilot	Skills & Employment	180	180	
Key Account Management	Trade & Investment	102	144	
Sustainable Travel Access Fund	Transport	2,500	2,500	iii
Energy & Sustainability	Infrastructure	59	56	iv
Planning Delivery Fund	Planning	162	46	
Mayoral Capacity Fund	Mayor's Office	1,302	1,000	
Sub-Total		7,641	6,215	

Notes

- i. The health led trial was launched successfully in 2018/19 and is now in the process of being delivered under a contractual arrangement with NHS Sheffield Clinical Commissioning Group and the delivery partner, South Yorkshire Housing Association. This was due to finish at March 2020 but negotiations with the Work and Health Unit have allowed for an extension of the scheme to October 2020.
- ii. Skills Bank is a 6-year programme which forms part of Sheffield City Region's Growth Deal. Skills Bank essentially comprises two elements: tasks and activities which the SCR is responsible for delivering and the main contract with the delivery partner for commissioning training. ESFA have confirmed funding for the final year for delivery in 2020/21.
- iii. Sustainable Transport Access Fund was a 3-year programme running from 2017/18 to 2019/20 and delivery has been strong to date. In December Government announced that this valuable revenue programme is to be extended for 2020/21. This funding will allow partners to continue the valuable work undertaken in the first three years and help support the delivery of the SCR wider Transport vision.
- iv. The Energy & Sustainability workstream was started late in 2018/19. This is a 2-year programme and the estimated value is around £114k. £14k is funded from Core budget and £100k has been obtained from BEIS (via Tees Valley Combined Authority). The programme seeks to increase capacity to develop and deliver energy projects and improve the quality of energy projects brought forward.

The Government has recently announced a Supported Bus Grant specifically for 2020/21 amounting to £703,614 for Sheffield City Region. This funding will be passported to SYPTE to support bus services.

2.8 Reserves

MCA/LEP has reserves for specific purposes. Table 6 below shows the anticipated levels at 31st March 2020 and 31st March 2021.

Table 6 – Revenue Reserves

	Balance b/f 1.4.2019	Planned Use	Forecast variance	New Use	Reserves c/d 31.3.2020	Propose d Use	Reserves c/d 31.3.2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Reserve	£1,768		£1,022	£-800	£1,990	£-800	£1,190
Election Reserve	£233			£800	£1,033	£800	£1,833
Business Rates Reserve	£843		£153		£996	£-283	£713
Growth Hub Reserve	£1,655	£-340			£1,315	£-280	£1,035
Skills Bank Reserve	£1,680		£3,397		£5,077		£5,077
Skills Bank 2	£1,110	£-600			£510	£-510	£0
Revenue Reserves	£7,289	£-940	£4,572	£0	£10,921	£-1,073	£9,848

SCR's level of revenue reserves has increased by £3.632m. The key element of this is Skills Bank Reserve. Money has been passed to SCR from the completion of phase 1. The intention from the original negotiation with Central Government was that this additional funding identified from phase 1 would be used to extend the Skill Bank programme after phase 2. Skills Bank 2 represents early payment of funding towards the 2nd Skills Bank Programme that runs until 2021. The Skills Bank reserve is likely be utilised over the

following three years (2021-2024) following a policy paper coming to LEP Board in summer of 2020.

Growth Hub Reserve is similarly earmarked for specific activity. As stated elsewhere this was created in conjunction with Government at the start of the LGF Programme.

General Reserve is not earmarked and is held by SCR to secure the authority against any unforeseen changes in circumstances. In 2018/19, £1.7m was established by the Section 73 Officer as a prudent level of reserves. Table 6 indicates that this will increase by c£1m in the year due to the in the year underspend reported to January Board. However, a future budget pressure surrounding Mayoral elections has been highlighted alongside discussions with other M9 Finance Directors. The costs of the 2022 election will be in the region of £2m. It would be sensible to smooth the impact of that cost over a longer period. Therefore, it is intended to add £800,000 to the Election Reserve from some of the windfall additional income in 2019/20. This will leave the General Reserve at £2m at 31st March 2020. It is proposed that a further allocation is made in 2020/21 of £800,000 to provide for the 2022 Mayoral Elections. This will leave General Reserve at £1.190m. This remains a sound level for general reserves.

The Business Rates Reserve was created to smooth fluctuations in the level of business rates received by SCR. It is intended to utilise £283,311 to meet 2020/21 budget requirements. A further £240,000 will be earmarked for 2021/22 budget in line with the MTFS updated at the previous LEP Board in January 2020. This will bring this reserve down to £472,000 in line with MCA policy.

2.9 Section 25 Statement

- 2.9.1 Section 25 of the Local Government Act 2003 places requirements on a Section 73 Officer in determining the Authority's budget for the forthcoming financial year to report on the robustness of the estimates made for the purposes of the calculations and on the adequacy of the proposed financial reserves. This assessment is based upon the Combined Authority continuing to operate on an on-going basis and with existing powers. This section sets out the Section 73 Officer's view of the budget and medium-term financial plan.
- 2.9.2 The medium-term financial plan approved by the MCA Board in November set out a robust plan to deliver a balanced budget over the medium term. There is a marginal risk to future income sources from a down-turn in business rate revenue but a reserve is in place to mitigate that. As the majority of the SCR's budgets are not demand led, the level of control the Combined Authority has over its expenditure is significant. Both give confidence in the delivery of the plan.
- 2.9.3 The budget presented to the Board, has been compiled in line with the MTFS and the assumptions therein are robust. Staffing has been reviewed against the projected demands for 2020/21 and some posts deleted. Some funding has been earmarked or new staffing resource to manage the new TCF programme. Revenue funds have been allocated to key service areas to resource the development of major projects and programmes. Funding this development of new programmes is a pressure on all MCA's. SCR has allocated the resources that can be afforded at this time.
- 2.9.4 Overall this is a robust budget for the planned activities of the MCA/LEP for 2020/21. The planned utilisation of reserves is a reasonable approach and leaves the MCA in a sound financial position to move forward with confidence.

3. Consideration of alternative approaches

- 3.1 It is enshrined in MCA Constitution that a budget is set before the start of the financial year. The Capital Programme was approved at January MCA Board alongside setting the Transport Levy. SCRMA budget must be approved at 23rd March 2020 Board.

4. Implications

4.1 Financial

This is the budget setting report and all financial matters are incorporated in the main body of the report.

4.2 Legal

Recommending this report to MCA Board on 23rd March 2020 meets the requirements set out in the Constitution.

4.3 Risk Management

In formulating the assumptions which underpin the proposed budget, officers have taken a prudent approach in order to mitigate all known risks.

4.4 Equality, Diversity and Social Inclusion

The principles of equality, diversity and social inclusion are built into the annual budget-setting process and are taken into consideration when assessing budget pressures and savings proposals. Any Equality implications that members must have due regard to under s.149 Equality Act 2010 will be set out in detail in the report that accompanies any recommendation about specific proposals.

5. Communications

- 5.1 Consultation with key stakeholders has been undertaken at various stages of the 2020/21 business planning process. Discussions on the proposed budget have taken place with the LEP Vice Chair and the Chair of the Business Growth Executive Board, constituent authority Directors of Finance and Chief Executives. This consultation has been instrumental in informing the report before the Board.

6. Appendices/Annexes

- 6.1 Appendix 1 – Cost Centre Revenue Budgets for 2020/21

REPORT AUTHOR	Noel O'Neill
POST	Interim Group Chief Financial Officer
Officer responsible	Noel O'Neill
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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

Cost Centre Revenue Budget 2020/21

	2020/21 Employee Costs £	2020/21 Non-Staffing Costs £	2020/21 Operational Expenditure £
Business Growth, Skills & Employment			
Director's Office	147,968	10,000	157,968
Business & Investment	57,498	200,000	257,498
Skills, Employment & Education	210,676	200,000	410,676
Growth Hub	347,447	337,000	684,447
Trade & Investment	207,107	240,000	447,107
Assurance	63,928	80,000	143,928
Programme & Performance Unit	373,828	20,000	393,828
	1,408,453	1,087,000	2,495,453
Transport, Infrastructure & Housing			
Director's Office	168,138	10,000	178,138
Housing & Infrastructure	247,190	100,000	347,190
Transport	380,724	240,000	620,724
Active Travel	0	150,000	150,000
Assurance	95,892	120,000	215,892
Programme & Performance Unit	560,743	30,000	590,743
	1,452,687	650,000	2,102,687
Governance & Mayoral Office			
Director's Office	118,005	10,000	128,005
Governance	184,295	73,962	258,257
Mayoral Office	186,183	33,589	219,772
	488,483	117,551	606,034
Chief Executive Office			
Chief Executive Office	427,901	170,000	597,901
Policy	269,197	150,000	419,197
Communications & Marketing	452,821	160,000	602,821
External Affairs	178,433	10,000	198,433
	1,328,352	490,000	1,818,352
Business Services			
Finance	383,026	230,021	613,047
ICT	0	475,329	475,329
Business Operations	98,483	41,801	140,284
Legal	0	92,726	92,726
HR	50,000	113,572	163,572
	531,509	953,449	1,484,958
Property Running Costs			
Broad Street West	39,798	358,802	398,600
Legacy Properties	0	215,400	215,400
AMP	0	1,114,583	1,114,583
	39,798	1,688,785	1,728,583
Vacancy Allowance	250,000	0	250,000
TOTAL OPERATIONAL BUDGET	4,999,281	4,986,785	9,986,066
INCOME			
General Income			-6,278,000
Specific grant income and recharges			-3,424,755
PLANNED USE OF GENERAL FUND RESERVES			283,311

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1st June 2020

Treasury Management Strategy 2020/21

Purpose of Report

This paper sets out the proposed Annual Treasury Management Strategy and Investment Strategy for the financial year 2020/21.

Freedom of Information & Section 12A of the Local Government Act 1972

Under the Freedom of Information Act this paper and any appendices will be made available under the Mayoral Combined Authority Publication Scheme. This scheme commits the Authority to make information about how decisions are made available to the public as part of its normal business activities.

Recommendations

Members are asked to approve:

- The annual treasury management strategy
- The annual investment strategy set out in Appendix 1 of the annual treasury management strategy and to grant delegated authority to the Group Director of Finance to develop it further by investigating options for diversification in consultation with the MCA's external advisors and Audit and Standards Committee
- The capital expenditure estimates and associated prudential indicators set out in Appendix 2 of the annual treasury management strategy
- The borrowing strategy set out in Appendix 3 of the annual treasury management strategy
- The minimum revenue provision policy set out in Appendix 4 of the annual treasury management strategy
- Grant delegated authority to the Group Director of Finance in consultation with Chief Executive to provide a financial guarantee in favour of the SCR Financial Interventions Holding company.

1. Introduction

- 1.1** The MCA is responsible for approving the SCR Group's annual treasury management strategy and investment strategy.

The treasury management strategy serves 5 main purposes

- Compliance with good practice and legislation;
- Effective management of the authority's cash;
- Optimising returns on investment;
- Ensure that the MCA's capital investment plans are prudent, affordable and sustainable;
- Sound borrowing decisions are taken.

The main focus of the 2020/21 treasury management strategy is on developing the investment strategy (Appendix 1 of the annual treasury management strategy). There are two principal reasons for this:

- The SCR Group has substantial funds at its disposal (c. £240m throughout 2019/20) which have the potential to grow materially with the unlocking of the devolution deal and new funding streams which will flow into the SCR as a consequence.
- The overall yield from the investment portfolio is currently augmented by returns being earned on long term investments. These are now starting to mature so the benefit of the higher yields they earn will start to diminish. The availability of core funds over the longer term and the fact that existing long term investments are starting to mature provides an opportunity to consider how the investment portfolio might be diversified into new types of longer term investment instrument.

In addition to the investment strategy, the treasury strategy also sets out the SCR Group's capital expenditure plans (Appendix 2), borrowing strategy (Appendix 3) and its minimum revenue policy for making charges to revenue for the repayment of debt (Appendix 4). Their purpose is to ensure that capital expenditure plans are prudent, affordable and sustainable. This includes setting a series of Prudential indicators which specify the parameters within which the SCR Group will operate to deliver this objective.

In view of the significant developments proposed to the investment strategy, greater support is being placed on a wider range of external professional advisors. The policy on the use of such advisors is set out within the investment strategy.

The treasury management strategy and investment strategy has been prepared in accordance with CIPFA's Code of Practice on Treasury Management in Public Services (the Treasury Code), and CIPFA's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) and relevant statutory guidance on investments and on the amounts to be charged to revenue for the repayment of debt.

Treasury management reporting

Further reports will be presented during the course of the year to monitor and report on compliance with the treasury management strategy. These will include a mid-year report which will provide an update on treasury activity for the first 6 months of the 2020/21 financial year and an annual report which will report actual performance against the treasury management strategy after the year end.

In addition, should the significant changes that are anticipated from unlocking the Devolution Deal and development of medium and longer term financial plans lead to a need to reconsider treasury management strategies, policies or Prudential indicators, these will be brought back to the MCA for approval before being implemented where the change is considered material.

The monitoring of treasury management performance will be undertaken by the Audit and Standards Committee which has responsibility for the effective scrutiny of Treasury Management Strategy and Policies. Audit & Standards Committee Members have recently received training in this regard to help them meet their responsibilities.

2. Proposal and justification

2.1 Investments

The investment strategy set out in Appendix 1 seeks approval to diversify the investment portfolio within the MCA's overall risk appetite and striking an appropriate balance between security, liquidity and yield.

It proposes to make best use of longer term investments where core funds are available for more than one year whilst ensuring there is sufficient liquidity to meet liabilities as they fall due both in the longer term and on a day to day basis.

At this stage the options to invest in new forms of investment instrument are still being investigated. Delegated authority is therefore sought for the Group Director of Finance to undertake further work with external advisors and the Audit & Standards Committee to develop the strategy further. It is for this reason that some of the Lending Limits in the Investment strategy are highlighted in yellow to indicate that they have yet to be determined.

The investment strategy and target return for future years does not reflect the sudden announcement by the Bank of England on 11 March of an emergency 0.5% reduction in the base rate from 0.75% to 0.25% to counter the 'economic shock' of the coronavirus outbreak. This may lead to a need to downgrade target returns.

2.2 Capital and borrowing

The Capital expenditure estimates set out in Appendix 2 are based on known commitments at this point in time and where grant funding streams have already been secured or there is reasonable assurance that they will be, for example, Transforming Cities Fund Tranche 2. These will be updated in due course as the SCR Group's medium term financial plans are developed once there is a clarity over future funding streams.

The borrowing strategy set out in Appendix 3 remains unchanged from previous years with the strategy being to meet any borrowing need internally from investments rather than to borrow externally. The SCR Group's capital investment plans over the next three years have only a modest borrowing need. There is no realistic prospect of being able to reschedule debt so the costs associated with servicing the debt, which is mostly fixed rate, are relatively straightforward to forecast over the medium term and have been built into the SCR Group's financial plans with a reasonable degree of accuracy.

The policy for charging the revenue budget to make provision for the repayment of debt set out in Appendix 4 is unchanged from last year and compliant with revised statutory guidance which came into effect in 2019/20. The profile of estimated charges that arises from the adoption of this policy has been factored into the SCR Group's 2020/21 annual budget and future medium term financial plans.

2.3 Financial guarantee

As set out in Appendix 3, approval is sought to give the Group Director of Finance delegated authority to lodge a financial guarantee in favour of an SCR Group wholly owned subsidiary, the SCR Financial Interventions Holding company, with Companies House. The purpose of doing so is to exempt the company from audit and thereby make a cost saving.

3. Consideration of alternative approaches

- 3.1 The treasury management strategies, policies and associated prudential indicators set out in this report provide for the prudent and effective management of the SCR Group's debt and investments in accordance with CIPFA's Code of Practice and statutory guidance. Therefore there is no alternative.

4. Implications

4.1 Financial

The revenue implications of servicing the MCA's debt portfolio have been accounted for in setting the 2020/21 transport levy and the longer-term financial projections approved by the MCA on 27 January 2020

The expected returns relating to LEP activity are included in the Core LEP budget for 2020/21 which is being presented at this meeting for MCA approval.

4.2 Legal

None.

4.3 Risk Management

The management of risk in relation to the investment portfolio is defined by the risk appetite set out in the investment Strategy in Appendix 1.

The management of risk in relation to capital investment, borrowing and liquidity, are defined by the capital expenditure plans and borrowing strategy in Appendices 2 and 3 and associated Prudential Indicators.

4.4 Equality, Diversity and Social Inclusion

There are no equality, diversity or social inclusion implications directly related to this strategy.

5. Communications

- 5.1 None.

6. Appendices/Annexes

- 6.1 Appendix 1 – Investment Strategy
Appendix 2 - Capital expenditure estimates and performance indicators
Appendix 3 – Borrowing strategy
Appendix 4 - MRP policy

REPORT AUTHOR POST

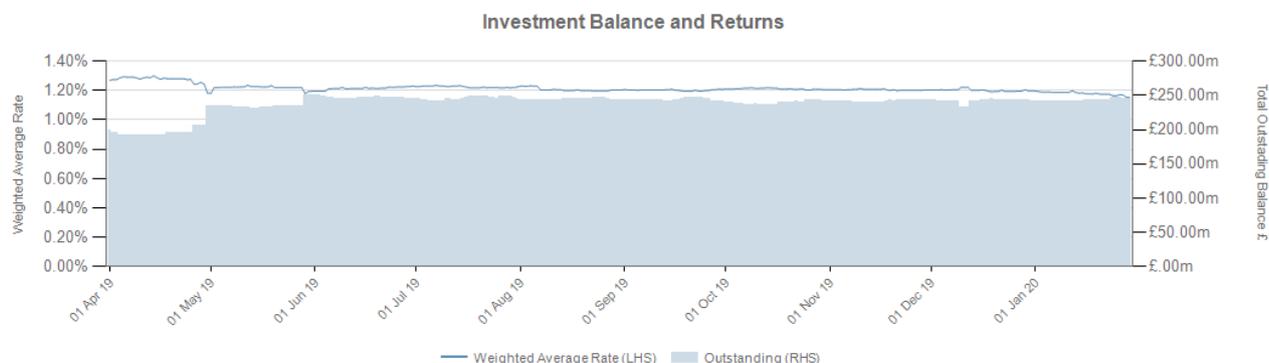
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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

SHEFFIELD CITY REGION MAYORAL COMBINED AUTHORITY**DRAFT ANNUAL TREASURY MANAGEMENT STRATEGY 2020/21****Investment strategy****Current investment portfolio**

The SCR Group has a substantial investment portfolio which has averaged around £240m over the course of the 2019/20 financial year up to and including January 2020 as illustrated below.



At present, there are £60m of long-term investments with the remaining £180m being held in short term investments with a duration of less than one year. The long-term investments are held with stakeholder authorities and are therefore very secure.

A summary analysis of the investment portfolio as at 29 January 2020 by investment type is provided in the table below:

Treasury Investments by investment type	29.1.2020	29.1 2020
	Actual	Actual
	£'000	%
Fixed term local authority deposits – held long term with stakeholders	60,000	25
Local authority to local authority market deposits - short term	35,000	14
Call accounts	60,000	25
Money Market Funds - Low Volatility	89,835	36
Total investments	244,835	100

Short term investment instruments are currently generating a return of c.0.9%.

Long term investments are generating an average return of 2%.

This means that, overall, the average return on investments is c.1.2%

The existing long-term investments will mature over the period from 2020/21 to 2025/26. We will consider with stakeholder authorities at the time that they come up for renewal whether it would be mutually beneficial to reinvest over the long term. The rate of return on any such renewals will depend on the prevailing rates at the time and stakeholder authorities borrowing requirements, i.e. whether they are looking to borrow short term or over the medium to longer term. It may therefore be that the level of such investments may diminish over time offering up the option to invest in other types of long term investment or counterparties.

Coupled with this, the recent bid for Transforming Cities Funding and progress towards unlocking the Devolution Deal will lead to major additional funding streams flowing into the SCR Group which is likely to add substantially to the current size of the investment portfolio.

There is therefore a need for a comprehensive review of the investment strategy to ensure that it is flexible enough to enable a further substantial increase in the level of funds to be managed effectively and to investigate opportunities to diversify the investment portfolio.

Core funds and balances and expectations on returns

Investment decisions are made having regard to the core balance and timings of cash flow requirements and the outlook for interest rates.

Greater returns can typically be obtained by investing for longer periods. However, the value to be obtained from longer term investments will need to be carefully assessed as:

- If it is thought that Bank of England Base Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations.

On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then the Bank of England Rate is forecast to increase only slowly over the next few years to reach 1.25% by the first quarter of 2023.

Under this scenario of suppressed returns on short term investments, it makes sense to consider options for investing longer term.

Core funds

There is considerable uncertainty at present, over the level of core funds that will be available to the SCR Group over the medium to longer term. For example, the Government's decision to defer its multi-year settlement Comprehensive Spending Review until 2021/22 means that there is uncertainty over the successor arrangements to the Local Growth Deal and transport capital funding. The timing and/or amount of funding streams associated with the unlocking of the Devolution Deal and recent bid for Transforming Cities Fund has also still to be confirmed along with the profile on how it will be invested.

It has therefore only been possible to conduct an indicative assessment of the level of core funds that might be available over the next 3 years.

However, notwithstanding this, the indications as illustrated in the table below are that cash balances will be of sufficient magnitude to be attractive to financial markets and to therefore investigate options for diversification.

	2019/20	2020/21	2021/22	2022/23
	Forecast	Indicative	Indicative	Indicative
	£'000	£'000	£'000	£'000
Cash backed Reserves and balances - revenue and capital	£99,100	£96,200	£59,400	£55,200
Cash set aside to repay debt	£71,400	£17,200	£13,400	£9,500
Core funds – long term	£170,500	£113,400	£72,800	£64,700
Short term cash	£69,500	£41,400	£24,100	£33,600
Total available for investment (short term and long term)	£240,000	£154,800	£96,900	£98,300

The short term cash represents unapplied capital grant and working capital which is expected to be required within the next 12 months and can therefore only be invested short term.

The core funds represent cash backed reserves and balances and cash set aside to repay debt representing the underlying level of cash that could be invested longer term.

The reduction in core funds in 2020/21 is due to the fact that £53m of debt is scheduled to be repaid in year as shown in Indicator 7 within Appendix 3.

Indicator 9 - Liquidity: longer term investments of more than 365 days

The table of forecast core funds above provides an indication of the maximum level of investment balances that could be invested longer term.

The SCR Group already has existing long term investments of £60m which will start to mature from 2020/21 onwards.

The table below summarises this position with an indication of the balance available to invest in other long term investment instruments over the next 3 years if the existing investments were not renewed. The figures for existing long term investments represents the weighted average balance over the course of the year.

The maximum available is expressed as a percentage of the total estimated investment portfolio in the year including short term cash.

Investment greater than 365 days	2019/20	2020/21	2021/22	2022/23
	Forecast	Indicative	Indicative	Indicative
	£'000	£'000	£'000	£'000
Total core funds - maximum available	£90,000	£113,400	£72,800	£64,700
Existing long term investments	£60,000	£46,667	£32,833	£17,667
Balance available to invest	£30,000	£66,733	£39,967	£47,033
As a % of total investment portfolio	37.5%	75.0%	75.0%	65.0%

Diversification of investment portfolio

As illustrated in the summary of investments by investment type, the current investment portfolio is currently held in a narrow range of investment instruments, namely:

- Deposits with local authorities through the local authority to local authority market
- Call accounts with reputable banks with a high credit rating, and
- Low volatility low risk highly liquid Money Market Funds which provide for instant access.

Typically, deposits with local authorities have a term in the range of 6 to 12 months. Rates are currently in the range 0.85% to 1.10%

The call accounts currently held are 90 to 95 day notice accounts. Rates are currently are around 1% or slightly above.

Money Market Funds provide immediate access and are used to manage day to day liquidity. Rates are currently in the range of 0.70% to 0.75%

The sluggish outlook for economic growth and low inflation rate means that Bank of England base rate rises may not occur for another 12 to 18 months and even then only incrementally by perhaps 0.25%. Accordingly, target returns on short term investments are forecast to rise only slowly from 1% in 2020/21 to 1.5% in 2023/24

The availability of core funds over the longer term and potential non renewal of existing long term investments, provides an opportunity to consider how the investment portfolio might be diversified into new types of longer term investment instrument.

In view of this, preliminary discussions have taken place with the SCR Group's treasury advisors and bankers on other types of medium and longer term investment instrument that the SCR may wish to diversify into.

By way of example, the following is a list of funds that have been discussed with advisors to date. This is not intended to be exhaustive and there are a range of other investment vehicles that could be considered:

- Short dated bond funds (suitable for investors with a minimum time horizon of 2 to 3 years)
- Property Funds (suitable for investors with a minimum time horizon of at least 5 years)
- Multi-asset income funds (suitable for investors with a minimum time horizon of at least 5 years)

These are pooled investment funds where the risk is diversified through the spread of investments. The key is that these investments are more volatile than the more traditional types of investment that the authority has used previously. The volatility of performance lends them to only be appropriate when used in line with the minimum time horizons outlined above. Over the longer term, these investment options have shown that their use can achieve greater levels of return when compared to shorter-term variants. However, there are greater risks associated with their use, therefore MCA approval is sought to delegate authority to the Group Director of Finance to pursue further which new investment instruments should be considered having regard to appropriate professional advice from the external advisors.

Investment policy – management of risk

Statutory guidance issued by MHCLG and CIPFA's Code of practice on Treasury Management places a high priority on the management of risk.

There are two underlying objectives which should underpin an investment strategy:

- Security – protecting the capital sum invested from loss, and
- Liquidity – ensuring the funds invested are available to meet expenditure when needed

The other factor to be taken into consideration is the return on investments or yield. This should be considered having first determined how proper levels of security and liquidity will be obtained. When entering into new forms of investment, authorities need to consider the balance between security, liquidity and yield based on their risk appetite.

Risk appetite is defined by:

1. Having minimum acceptable **credit criteria** in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings. It should be noted that credit ratings are not the sole determinant of the creditworthiness of a counterparty. The MCA will therefore engage with its external advisors to take account of other information that influences the opinion of the markets.
2. A defined list of **types of investment instruments** that the treasury management team are authorised to use. These are categorised as 'specified' and 'non-specified' investments.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
 - **Non-specified investments** are those with a duration of more than one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. They can also include investments of weaker credit quality but there is no intention for the MCA to invest in such instruments at present. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18 month deposit would still be non-specified even if it has only 11 months left until maturity.
3. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being 75% of the total investment portfolio. This represents the maximum that could potentially be invested in longer term investments with a duration of more than one year as exemplified in Indicator 9. This has been set by reference to forward balance sheet analysis as outlined in the core funds table above and other relevant factors to determine the level of investments that could be invested over a longer period. These include reasonable projections of the funds that are likely to flow to the MCA once the Devolution Deal has been implemented.

4. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table included in the creditworthiness policy.
5. **Transaction limits** are set for each type of investment in the matrix table included in the creditworthiness policy.
6. The limit for the amount of its investments which are invested for **longer than 365 days**, (see indicator 9).
7. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see creditworthiness policy).
8. All investments will be denominated in **sterling**.

Creditworthiness policy

The MCA has adopted the creditworthiness service provided by its external treasury management advisors to manage counterparty risk.

The service involves a risk weighted scoring of the three main credit rating agencies to arrive at a colour coding system to recommend the maximum duration of investments. This is summarised in the table below:

Colour Band	Duration
Yellow	5 years *
Dark pink	5 years for Ultra Short Dated Bond Funds with a credit score of 1.25
Light pink	5 years for Ultra Short Dated Bond Funds with a credit score of 1.5
Purple	2 years
Blue	1 year (only applies to nationalised/semi nationalised UK Banks)
Orange	1 year
Red	6 months
Green	100 days
No colour	not to be used

The Lending limits, (amounts and duration), for each counterparty have hitherto remained unchanged for several years. This reflects the fact the expected level of investment balances has been largely stable. However, as mentioned previously, there is now a real prospect that the level of expected investment balances may increase materially as a consequence of the additional funding streams that are anticipated from Transforming Cities and unlocking the Devolution Deal.

Accordingly, the Lending limits in the matrix table have been adjusted upwards from last year to take account of these anticipated additional funding streams. However, until clarity over the timing and magnitude of these new funding streams has been obtained, operationally, the MCA will continue to use the lower limits that were used in the 2019/20 annual treasury management strategy. The table below sets out the maximum lending limits should the additional funding streams materialise and operational limits that will continue to apply in the meantime.

At the foot of the matrix table, other investment options have been introduced. These include, for example, short dated bond funds, property funds and multi asset income funds. No limits have been specified for these new investment types as yet, pending further investigation into the options. Delegated authority is therefore sought for the Group Director of Finance to undertake further work with external advisors and the Audit & Standards Committee to consider this further and report back any changes in the mid Year Treasury Report.

	Colour (and long term rating where applicable)	Maximum sum and/or % Limit (per institution)	Operational Limit until new funding streams confirmed	Time Limit
Banks *	Yellow	100%	100%	5 years
Banks	Purple	£XXm / %	£30m	2 years
Banks	Orange	£XXm / %	£30m	1 year
Banks – part nationalised**	Blue	£XXm / %	£50m	1 year
Banks (UK Banks)	Red	£XXm / %	£20m	6 months
Banks (non-UK Banks)	Red	£XXm / %	£15m	6 months
Banks	Green	£XXm / %	£10m	100 days
Banks	No colour		Not to be used	
MCA's banker (Barclays) in the event of the bank being 'no colour'	-	£XXm / %	100%	5 days***
DMADF	AAA	100%	100%	6 months
Local authorities and other suitable public bodies or bodies delivering public services funded by the government	N/A	100%	£50m	10 years
Money market funds – CNAV***	AAA	100%	100%	Liquid
Money market funds – LVNAV****	AAA	100%	100%	Liquid
Money market funds – VNAV*****	AAA	100%	100%	Liquid
Ultra short dated bond funds with a credit score of 1.25	Dark pink / AAA	100%	100%	Liquid
Ultra short dated bond funds with a credit score of 1.5	Light pink / AAA	100%	100%	Liquid
Short dated bond funds	None	£XXm / %	N/A	3 years
Property Funds	None	£XXm / %	N/A	5 years
Multi Income Asset Funds	None	£XXm / %	N/A	5 years

* Please note: the yellow colour category is for UK Government debt, or its equivalent, constant net asset value money market funds and collateralised deposits where the collateral is UK Government debt.

** When placing deposits with part nationalised banks the CA will take care to review when it expects the UK Government to divest its interest in the institution, and the impact this move would have on the CA's view of the institutions security.

*** to cover period to next working day allowing weekends and bank holidays such as Easter

**** CNAV refers to Constant Net Asset Value Money Market Funds when investors will be able to purchase and redeem at a constant Net Asset Value (£1 in / £1 out)

***** LVNAV refers to Low Volatility Net Asset Value Money Market Funds when investors will be able to purchase and redeem at a stable Net Asset Value to two decimal places, provided the fund is managed to certain restrictions

***** VNAV refers to Variable Net Asset Value Money Market Funds where the price may vary

The MCA is alerted to changes to ratings through the creditworthiness service provided by its external treasury advisors.

If a downgrade results in the counterparty / investment scheme no longer meeting the MCA's minimum criteria, its further use as a new investment will be withdrawn immediately. Any existing investment will be redeemed as soon as it is economically viable.

Investment instruments identified for use in the financial year are listed under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the MCA's treasury management practices.

Country limits

The MCA has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of "AA-" from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are as shown below. Should ratings change, this list will be added to, or deducted from, by officers in accordance with this policy.

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Hong Kong
- U.K.

AA-

- Belgium
- Qatar

Specified and Non specified investments

The distinction between specified and non specified investments is important because of the additional procedures that need to be undertaken in considering the risk attached to non specified investments.

Specified Investments

Statutory Guidance on Investments defines specified investments as ones having the following characteristics:

- Denominated in sterling
- The duration is 12 months or less
- The investment is high quality or is with the UK Government or a local authority

High quality is determined by reference to the matrix table included in the creditworthiness policy.

The limits on specified investments are listed in the table below:

	Minimum credit criteria / colour band	** Max % of total investments / £ limit per institution	Max. maturity period
Money Market Funds CNAV	AAA	100%	Liquid
Money Market Funds LNAV	AAA	100%	Liquid
Money Market Funds VNAV	AAA	100%	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	100%	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	100%	Liquid
Local authorities	yellow	100%	12 months
Term deposits with banks and building societies or housing associations	Blue Orange Red Green No Colour	As per lending limits table	12 months 12 months 6 months 100 days Not for use
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	As per lending limits table	12 months 12 months 6 months 100 days Not for use
UK government debt	Yellow	100%	12 months

Non specified investments

These are any investments which do not meet the specified investment criteria.

As far as the MCA is concerned, Non-specified investments represent those with a duration of more than one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

There is a wide range of potential investment instruments that could be invested in which by their nature do not fall into the category of a specified investment as they have a duration of more than year or are more complex in nature. The table below illustrates the types of non specified investment that are currently being invested in or are under consideration. The list is not however intended to be exhaustive and may be expanded as other types of investment are investigated.

Duration of more than one year	* Minimum Credit Criteria	** Max % of total investments	Max. maturity period
Term deposits – local authorities	N/A	100%	10 years
Term deposits – banks and building societies	Purple	£30m	2 years
UK Government Debt	Yellow	100%	5 years
Multi asset income funds	<i>* state alternative to credit criteria (following comprehensive fund manager selection process)</i>		5 years
Property Funds	<i>* state alternative to credit criteria (following comprehensive fund manager selection process)</i>		5 years
Short dated bond funds	<i>* state alternative to credit criteria (following comprehensive fund manager selection process)</i>		3 years

Benchmarks for security, liquidity and yield

Security

The risk of default varies according to the type of investment. Local authorities are assumed to have a zero default rate due to them being a machinery of government. The default risk attached to other counterparties depends on their creditworthiness and duration of investment. The MCA's treasury advisors provide historic default rates for different types of counterparty as a guide. The risk of default on the £100m of non local authority investments at the end of 2018/19 was estimated to be c. 0.003% or £3k.

It is recommended that this be relaxed a little this to allow for the diversification of the portfolio outside the current narrow range of investment types.

The benchmark for this year is therefore:

- 0.010% historic risk of default when compared to the whole portfolio.

Liquidity

A balance of £25m will be maintained in highly liquid instant access investments / the bank to manage day to day treasury activity.

Yield

The target return on treasury investments is the weighted average return on short term and long term investments.

The latest forecast of returns on short term investments is that there is expected to be a little improvement over the medium term. Our treasury advisors suggest that the target investment earnings rates for returns on short term investments placed for periods up to about three months should be as follows:

2019/20	0.75%
2020/21	0.75%
2021/22	1.00%
2022/23	1.25%
2023/24	1.50%
2024/25	1.75%
Later years	2.25%

The target return on the investment portfolio as a whole (short and long term) is as follows:

Returns on investments	2019/20	2020/21	2021/22	2022/23
	Forecast	Indicative	Indicative	Indicative
	%	%	%	%
Target return on treasury investments	1.22	1.4	1.9	1.9

This assumes that there will be a gradual shift over time towards longer term investments. If the average return on longer term investments were to increase from 2% to 3%, the target return for the investment portfolio as a whole would increase to 2.1% in 2020/21 rising to 2.3% in 2021/22 and 2022/23

External consultants

Link Asset services have been appointed as treasury advisors to the SCR Group via Treasury Management service level agreement with Sheffield City Council.

Preliminary discussions have been held with the Link on how the investment strategy might be re-shaped and diversified to extract maximum benefit from longer term investment opportunities in the future and provide for greater flexibility. This has entailed looking at other types of investment instrument, reviewing the maximum amounts that can be placed with counterparties, and, how the investment portfolio might be structured and managed to increase yield on longer term investments.

The MCA's bankers have also been approached for options for diversifying and restructuring long term investments.

Where external advisors are appointed to provide specialist skills and resources, officers will ensure that the terms of their appointment and methods by which their value will be assessed are properly agreed and documented.

Commercial investment property

MHCLG statutory guidance to local authorities on investments differentiates between financial investments and investment property portfolios and other non-financial assets held primarily to generate a profit.

The statutory guidance and the Prudential Code require local authorities to give thorough consideration to borrowing for commercial investments where the commercial income generated plays a significant part in sustaining an authority's finances or its exposure to the debt taken out or a downturn in the property market.

This is not applicable to the SCR Group's investment property portfolio which is a legacy of bus deregulation and comprises former transport assets which are not being actively managed to achieve commercial returns. No debt has been taken out to finance these assets. Equally, the income from the investment property portfolio represents only a relatively small proportion 2% of the total budgeted income for the SCR Group in 2020/21.

It is therefore considered low risk at present but will be reviewed should there be any plans to expand the portfolio.

Capital Expenditure Plans and Prudential Indicators: 2019/20 to 2022/23**Indicator 1 - Capital expenditure estimates**

The table below summarises the SCR Group's capital investment plans for the forthcoming year and indicative estimates for the following two years.

The estimates are based on known commitments at this point in time and where grant funding streams have already been secured or there is reasonable assurance that they will be, for example, Transforming Cities Fund Tranche 2.

An assumption has also been made that the recent decision to progress on conducting a consultation on the powers to be delegated to the SCR / elected mayor will lead to the Devolution Deal being unlocked and Gainshare flowing to the SCR from 2020/21.

No assumption has been built in at this stage for successor funding for Local Growth deal funding beyond the end of the current Growth Deal in 2020/21 pending clarification from Government on the arrangements and potential allocation to the SCR.

1. Capital Expenditure Estimates	2019/20	2020/21	2021/22	2022/23
	Forecast	Proposed	Indicative	Indicative
	£'000	£'000	£'000	£'000
South Yorkshire Transport Programmes:				
SCR Group:				
SYPTF	£10,326	£9,250	£6,056	£4,179
SCR	£1,420			
Grants to third parties:				
Highways Capital Maintenance	£13,668	£12,219	£0	£0
Integrated Transport Block	£9,619	£8,428	£0	£0
Transport Capital Pot	£2,036	£1,043	£0	£0
Pothole Fund	£723	£0	£0	£0
Transforming Cities Fund - Tranche 1	£4,244	£0	£0	£0
Transforming Cities Fund - Tranche 2	£0	£30,400	£109,000	£90,100
DfT Local Major - Parkway widening	£0	£0	£0	£0
	£42,036	£61,340	£115,056	£94,279
LEP				
Local Growth Fund Programme	£35,458	£42,400	£0	£0
Gainshare	£0	£18,000	£18,000	£18,000
LGF 2 / Shared Prosperity Fund	£0	£0	£0	£0
	£35,458	£60,400	£18,000	£18,000
Corporate				
SCR operational assets	£0	£0	£0	£0
Investment property portfolio	£0	£0	£0	£0
	£0	£0	£0	£0
Total Capital Investment	£77,494	£121,740	£133,056	£112,279

The great majority of the SCR Group's capital programme represents grants to stakeholders and third parties in furtherance of the SCR Group's transport and economic development objectives.

The SCR Group does however, have its own capital investment plans to renew or develop assets held by the Group, principally those for which SYPTE is responsible.

Indicator 2 – Capital Financing Requirement (CFR) estimates

The table below shows how the planned capital expenditure is expected to be financed. Any capital expenditure not funded by capital grants, capital receipts, or revenue contributions, results in a need for borrowing.

2. Capital Financing Requirement Estimates	2019/20	2020/21	2021/22	2022/23
	Forecast	Proposed	Indicative	Indicative
	£'000	£'000	£'000	£'000
South Yorkshire Transport Programmes:				
Government Grants	£33,345	£54,809	£115,056	£94,279
Borrowing	£5,719	£5,279	£0	£0
Capital Receipts	£1,464	£0	£0	£0
Earmarked reserves	£1,508	£664	£0	£0
Revenue contributions	£0	£588	£0	£0
	£42,036	£61,340	£115,056	£94,279
Local Growth Fund Programme:				
Government Grant	£35,458	£60,400	£18,000	£18,000
	£35,458	£60,400	£18,000	£18,000
Corporate	£0	£0	£0	£0
	£0	£0	£0	£0
Net borrowing needed for the year	£5,719	£5,279	£0	£0

The borrowing need stems from the decision taken in 2018/19 to borrow up to £23.3m over the 3-year period 2018/19 to 2020/21 to support capital investment on South Yorkshire transport schemes (Rotherham Interchange, re-railing and the transport capital pot). The borrowing need forecast for 2019/20 and proposed for 2020/21 together with the actual borrowing need in 2018/19 of £12.087m is within the overall amount approved. The revenue implications of this borrowing has been factored into the South Yorkshire transport 2020/21 annual budget and medium term forecast approved by the MCA at its meeting on 27 January 2020.

The unlocking of the Devolution Deal will lead, subject to consultation, to the SCR Group acquiring borrowing powers for economic development activity. At this stage, there are no plans to exercise these powers.

Based on the above capital investment plans and capital financing proposals, the SCR Group's overall forecast underlying need to borrow or Capital Financing Requirement (CFR) is forecast to change as shown in the table below. In future CFR will be increased from changes that will be brought about from the introduction of IFRS 16 in production of SCR Financial Accounts. Work has started on this and the implications will be reported to a future meeting on the implications of the introduction.

2. Capital Financing Requirement	2019/20	2020/21	2021/22	2022/23
	Forecast	Proposed	Indicative	Indicative
	£'000	£'000	£'000	£'000
Opening CFR	£113,045	£115,603	£116,860	£112,645
movement in CFR				
Additional borrowing requirement	£5,719	£5,279	£0	£0
MRP	-£3,161	-£4,022	-£4,215	-£4,171
Capital receipts set aside for the repayment of debt	£0	£0	£0	£0
Other adjustments	£0	£0	£0	£0
Closing CFR	£115,603	£116,860	£112,645	£108,474

Indicator 3 - Amount of external debt against the Capital Financing Requirement (CFR)

The purpose of this indicator is to assess the extent to which borrowing is only being used in the medium to longer term to finance capital expenditure.

CURRENT BORROWING POSITION	2019/20	2020/21	2021/22	2022/23
	Forecast	Proposed	Indicative	Indicative
	£'000	£'000	£'000	£'000
External Debt				
-MCA Loans at 1st April	£25,660	£25,660	£25,660	£25,660
-Expected change in MCA Loans	£0	£0	£0	£0
-SYPTe Debt at 1st April	£161,375	£161,375	£108,375	£100,400
-Expected change in SYPTe Loans	£0	-£53,000	-£7,975	-£8,000
Gross Debt	£187,035	£134,035	£126,060	£118,060
The Capital Financing Requirement	£115,603	£116,860	£112,645	£108,474
Debt in excess of CFR	£71,432	£17,175	£13,415	£9,586

The benchmark recommended by CIPFA is that the estimated amount of gross debt should not exceed the estimated CFR for the current and following two years.

The reason why gross debt is in excess of CFR for the SCR Group is a legacy of previous capital financing regulations that applied to PTEs which required amounts set aside for the repayment of debt to be held in cash. This is one of the reasons for the high level of treasury investments held by the MCA as illustrated in Indicator 8.

The excess will be eliminated as the amount set aside in cash is used to repay debt as it matures. Hence, in 2023/24 the SCR Group is due to repay another significant tranche of debt amounting to £50.4m which will bring gross debt below the CFR.

The level of gross debt assumes that there will be a continuation of the current borrowing strategy whereby the borrowing need for the year is met internally from treasury investments rather than taking out externally borrowing. This is in the expectation that the cost of new borrowing will continue to exceed likely investment returns. This scenario is more likely following the Governments decision on 9 October 2019 to suddenly increased PWLB rates by 1% with immediate effect taking them up to the range 2.2% to 3%. Returns in investments by contrast currently are in the region of 1% although the proposed new investment strategy will consider options for looking to increase returns.

Indicator 4 - Ratio of Financing Costs to Net Revenue Stream

This indicator is a measure of the affordability of decisions taken to finance capital investment borrowing in the context of the SCR Group's overall financial sustainability.

Ratio of financing costs to net revenue streams	2019/20	2020/21	2021/22	2022/23
	Forecast	Proposed	Indicative	Indicative
	£'000	£'000	£'000	£'000
Interest	£13,136	£9,541	£8,359	£7,742
MRP	£3,161	£4,022	£4,215	£4,171
Less Investment Income	-£2,000	-£1,274	-£1,032	-£952
Net Financing Costs	£14,297	£12,289	£11,542	£10,961
Income - transport levy	£54,365	£54,365	£54,365	£54,365
Finance Costs/Unrestricted Revenue Income %	26.3%	22.6%	21.2%	20.2%

Interest payable is principally fixed rate PWLB borrowing. The reduction in the amount of interest payable is therefore a function of PWLB debt being repaid as it matures. A significant amount of PWLB debt is scheduled to be repaid over the 3 year period 2020/21 to 2022/23 as illustrated in Indicator 3. The return on investments is a function of the average level of treasury investments and target returns which are expected to be achieved. The reduction in investment income reflects the fact that investments are being used to settle loan repayments as they fall due reducing the level of core funds. This is in accordance with the borrowing strategy set out in Appendix 3. The modest increases in the expected returns on investments are as set out in the investment strategy in Appendix 1.

External Debt – borrowing limits – Indicators 5 and 6

There are two indicators on borrowing limits : the authorised limit and operational boundary. The **authorised limit** represents a control on the maximum amount of debt the SCR Group can borrow for capital investment and temporary cash flow purposes. Under Section 3 of the Local Government Act 2003 this limit is agreed by the MCA and cannot be revised without that body's agreement.

The authorised limit reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the long term.

The **operational boundary** is the maximum amount of money the MCA group expects to borrow during the financial year. It acts as a useful warning if breached during the year that underlying spend may be higher than expected or income lower than budgeted.

Authorised Limit	2019/20	2020/21	2021/22	2022/23
	Forecast	Indicative	indicative	indicative
	£'000	£'000	£'000	£'000
Loans	£228,500	£228,500	£175,500	£167,500
Other Long Term Liabilities	£11,500	£11,500	£11,000	£11,000
Total	£240,000	£240,000	£186,500	£178,500
Operational Boundary	2019/20	2020/21	2021/22	2022/23
	Forecast	Indicative	Indicative	Indicative
	£'000	£'000	£'000	£'000
Loans	£213,500	£213,500	£160,500	£152,500
Other Long-Term Liabilities	£11,500	£11,500	£11,000	£11,000
Total	£225,000	£225,000	£171,500	£163,500

The authorised limit allows £40m headroom over the maximum expected amount of gross debt in the year.

The operational boundary allows for £25m headroom.

This is considered affordable in the short term in the current low interest rate environment where short term borrowing rates are around 1%.

Having this headroom serves the purpose of covering short term timing differences between significant cash outflows, for example, the repayment of debt, and receipt of significant funds, without compromising the new investment strategy's aim of optimising returns through having longer term investments rather than highly liquid short-term investments. Should there be a need to borrow on a temporary basis the MCA has ready access to such funds through local authority to local authority lending.

The Other Long-Term Liabilities set out in the table below represents the PFI liability in respect of Doncaster Interchange. There is a major change to local authority accounting rules in respect of accounting for leasing which comes into effect for the 2020/21 financial year. This may lead to "right of use" leased assets being brought on balance sheet which would increase the value of Other Long-Term Liabilities. The impact of the accounting changes is still being evaluated. Should it lead to the recognition of significant additional "right of use" liabilities the authorised limit and operational boundary will be adjusted to take account of them in due course and the treasury management strategy revised accordingly.

Managing exposure to the risk of interest rate changes

Borrowing

All of the SCR Group's PWLB debt of £166.375m is fixed rate. As such there is no risk to the amount of interest payable from interest rate fluctuations.

There is in addition £20m of market loans where the lender has an option to change the interest rate periodically on specified call dates. As explained in the borrowing strategy in Appendix 3 it is considered highly unlikely that the lender would exercise the option in the current low interest rate environment.

Investments

The investment portfolio is currently weighted to short term non specified investments.

The expectations are that returns on short term investments will rise only slightly in the next 3 years. Accordingly, there is a benefit in locking a higher proportion of investments longer term with high quality counterparties in order to enjoy the higher returns that longer term investments typically bring.

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Borrowing

The SCR Group's debt portfolio relates solely to its transport functions. The MCA currently has no borrowing powers in relation to its economic development powers at present. This will however change when the Devolution deal is implemented.

Current debt portfolio

The SCR Group has a £187m debt portfolio. A summary analysis is provided in the table below:

External borrowing	29.1.2020	29.1 2020
	Actual	Actual
	£'000	%
Fixed rate PWLB	166,375	89
Market loans	20,000	10
Other loans	660	1
Total investments	187,035	100

With regard to the £20m of market loans, the lender has an option to change the interest rate periodically on specified call dates. Under CIPFA's Code of Practice on treasury Management these are classified as variable where they are in their call period. However, in the current low interest rate environment it is considered unlikely that these call options will be exercised given interest rates currently being paid on these loans ranges from 4.50% to 4.95% whereas the prevailing rate for equivalent PWLB borrowing is between 3.0 and 3.1%.

Borrowing strategy

The interest rate prospects set out in the investment strategy in Appendix 1 indicate that investment returns are likely to remain low for the foreseeable future and below PWLB borrowing rates with both on a gently rising trend over the next few years. In particular, the Government's decision to increase PWLB rates by 1% on 9 October 2019 to between 2.2% and 3% means that the gap between the cost of borrowing and likely rates of return on short term investments has widened significantly.

In view of this, the policy adopted by the MCA has been to avoid the cost of carry by using treasury investments to meet borrowing requirements internally rather than take out external borrowing.

The Director of Finance will monitor interest rates in the financial markets and consider the appropriateness of maintaining this strategy should there be a material change in circumstances.

In addition, it is the SCR Group's current strategy is to repay debt as it falls due rather than to refinance debt. This assumption has been built into the financial plans resulting in a projected fall in external interest costs as debt is repaid.

Indicator 7 – Maturity structure of borrowing

This indicator is used where an authority refinances rather than repays debt when it falls due. The aim is to spread the maturity profile so that an authority is not exposed to debt repayments being concentrated at a time when interest rates might be disadvantageous.

This risk doesn't apply to SCR Group under the current borrowing strategy of repaying debt as it falls due.

The maturity profile is important however in ensuring there is sufficient liquidity to meet loan repayment as they fall due and on determining what investments returns can be expected in future years.

This maturity profile is summarized in the table below on the assumption that market loans will not be called leading to early repayment.

Maturity of borrowing:	Amount	
	£'000	%
2020/21	53,000	28%
2021/22	7,975	4%
2022/23	8,000	4%
2023/24	50,400	27%
2024/25	4,000	2%
2025/26	4,000	2%
2026/27	4,000	2%
2027/28	22,000	12%
2028/29	0	0%
2029/30	4,000	2%
2030/31	4,000	2%
2043 to 2056	25,000	13%
Total	£186,375	100%

Borrowing in advance of need

The MCA will not borrow more than, or in advance of, its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the MCA can ensure the security of such funds.

Risks associated with any borrowing in advance will be subject to prior appraisal and reporting through the mid-year treasury report or annual report on treasury management.

Debt Rescheduling

Short term borrowing rates are currently lower than longer term rates.

There would therefore be potential opportunities to generate savings by switching the PWLB debt portfolio from long term to short term.

However, the current premature repayment rates of between 0.3% and 1% are significantly lower than rates on the SCR Group's PWLB loan portfolio which range from 4.25% to 8.75%. Early repayment would therefore incur a substantial premium. When this was last reviewed in 2017/18, that cost of terminating loans early far outweighed any potential gain. There is therefore little realistic prospect of repaying PWLB debt early in the current low interest rate environment.

Financial guarantee

The MCA has a wholly owned subsidiary, the SCR Financial Interventions Holding Company whose sole purpose is to hold finance to support the delivery of the LGF programme. The company does not trade, is controlled by the SCR Executive and only has intercompany transactions with the MCA.

Under Companies legislation, the company can be made exempt from the requirement for audit, and therefore save the public purse, if the MCA as parent provides a financial guarantee in the required format stating the financial year to which it relates.

The effect of the guarantee is that the MCA guarantees all outstanding liabilities to which the company is subject at the end of the financial year to which the guarantee relates until they are satisfied in full; and, the guarantee is enforceable against the MCA by any person to whom the company is liable in respect of those liabilities. However, as the company's only liability is to the MCA, there is no risk to the SCR group. It is therefore proposed that the MCA provides a financial guarantee in respect of the 2019/20 financial year and that this remains in force if and until such time that the company transacts with parties other

than the MCA. As the MCA's Financial Regulations allow the Finance Director to enter into any borrowing, investment and financing arrangements on behalf of the Authority compliant with the Treasury Management Policy, it is recommended that delegated authority be given to the Group Director of Finance to provide the financial guarantee on the MCA's behalf for filing with Companies House.

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Minimum revenue provision (MRP) policy statement

This policy statement has been prepared having regard to the Revised Statutory MRP Guidance issued in 2018. This limited the maximum number of years over which MRP can be charged to 50 years unless a suitably qualified professional advisor advises that the related asset will deliver service functionality for more than 50 years.

In practice, this change will have little or no practical effect on the existing profile of MRP charges.

The broad aim of MRP is for an authority to make a prudent provision by charging revenue over time to reduce its Capital Financing Requirement. In doing so, an authority should align the period over which they charge MRP to one that is commensurate with the period over which its capital assets / expenditure provides benefits either in terms of service potential or economic return.

Regulation 28 of the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003* [as amended] gives local authorities flexibility in how they calculate MRP, providing the calculation is 'prudent'. In calculating a prudent provision, local authorities are required to have regard to statutory guidance on determining MRP which offers a number of options for meeting this requirement.

In addition, an authority may charge an amount greater than the statutory minimum should it wish to do so. The MCA has not elected to charge in excess of the minimum statutory amount to date and has no plans to do so in 2020/21.

The MCA is recommended to approve the following MRP statement for financial year 2020/21:

MRP on the residual Capital Financing Requirement at the end of 2015/16 relating to capital expenditure incurred before 1st April 2008, is being charged on a flat line basis over fifty years. This is considered a more prudent approach to the "regulatory method" adopted up to and including 2015/16, as it better aligns the charges to revenue to the benefits the related assets deliver.

MRP on capital expenditure incurred since 1st April 2008, financed by unsupported borrowing will be based on the 'asset life method'. This means that MRP will be based on the estimated useful life of the assets created. The MCA will apply a maximum life of 50 years to new assets unless a suitably qualified professional advisor advises that an asset will deliver service functionality for more than 50 years or where an asset is a lease or PFI asset, and the length of the lease/PFI contract exceeds 50 years. MRP will commence in the year after an asset becomes operational to align charges to revenue to the economic benefits generated from those assets.

MRP on capital loans and capital grants awarded to partners and third parties financed by borrowing will be charged over the useful life of the assets concerned.

MRP on capital expenditure on assets not owned by the MCA or on assets for use by others will similarly be charged over the useful life of the assets concerned. MRP on expenditure capitalised by virtue of a statutory direction, repayment of capital grants or loans received, or acquisition of share capital, will be charged over a period not exceeding the maximum period specified by regulation.

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1st June 2020

Revenue and Capital Outturn 2019-20

Purpose of Report

This report provides the final revenue and capital outturn position before audit to the SCRMC Board for the Sheffield City Region Group for 2019/20.

Thematic Priority

Cross cutting – financial

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

The paper will be available under the Mayoral Combined Authority Publication Scheme

Recommendations

Members are asked to:

- Note the revenue outturn positions of SCR and SYPT
- Note the outturn of Capital programme and approve the carry forwards identified in paragraph 2.5.
- Note the risks addressed by the creation of provisions and earmarked reserves and approve the actions taken.

1. Introduction

- 1.1** Regular budget monitoring reports have been presented to MCA Board throughout the year on the financial performance of the organisation against its budget, predicting a final outturn position. This paper presents the final financial position across the whole group that will be reflected in the statutory accounts ahead of external audit.
- 1.2** The report looks at each element of the Group and highlights key issues. Detail of each area is attached in the respective appendices.
- MCA / LEP Revenue position
 - Revenue Programme activity
 - South Yorkshire Transport Revenue position
 - Capital Programme Expenditure 2019/20
- 1.3** Formal statutory financial accounts and statements have been prepared in line with the detail presented in this report. A key element of those statements is the level of reserves and provisions. Section 2.6 of the report sets out the overall position. The final statements will be amended in line with any decisions made at this meeting, reported to Audit & Standards Committee on 11th June and then published ahead of external auditing.

2. Report

2.1 The key issues regarding the financial performance of each element of the Group are set out below. Each element is considered separately. The final section considers the reserves of the Group and specifically the on-going financial strength in light of emerging pressures from Covid-19.

2.2 **MCA/LEP Revenue Outturn 2019/20**

Table 1 below shows the final net outturn position of MCA/LEP for 2019/20 with a net underspend of £675,000. This is less than the £1,022,000 reported in January. The changes are reported below.

Table 1 - Net Outturn 2019/20

	Budget	Outturn	Variance
Income Stream	£'000	£'000	£'000
EZ Business Rates	£3,023	£3,038	£15
Traded Income - AMP	£1,428	£1,636	£208
Transport Hub Subscriptions	£1,000	£1,000	£0
Base LEP Subscriptions	£204	£204	£0
LEP Grants	£500	£700	£200
Investment Income - Treasury	£195	£765	£570
Investment Income - Property Portfolio	£155	£159	£4
	£6,505	£7,502	£997
Expenditure			
Staffing	£2,519	£2,173	£346
SEP, LIS and SPF Development	£1,160	£1,336	-£176
Trade and Investment	£601	£458	£143
AMP	£1,022	£1,256	-£234
Business Support, Supplies & Services	£975	£824	£151
Other Property Costs	£228	£335	-£107
	£6,505	£6,382	£123
New Provisions	£0	£900	-£900
Release of Provisions	£0	-£455	£455
	£6,505	£6,827	-£322
Net Outturn 2019/20	£0	£675	£675

Income

The final outturn income is £7.502m for 2019/20 which is £274,000 more than reported in January. The major factor is due to additional Treasury Management income.

Expenditure

A net underspend of £123,000 on expenditure ahead of specific provisions is reported as the final position. In January the figure reported was £300,000 underspend. The major change is a net overspend on SEP, LIS and SPF and Trade & Investment budget lines of £33,000 rather than an anticipated underspend of £100k. Proactive measures in

the last quarter has driven expenditure alongside provisions for activity that was planned and consideration of the recovery from Covid-19.

New Provisions

Each year the provisions made by the Authority need to be reviewed. This year has seen £455,000 returned to the revenue account. However, two specific new provisions have been identified and set aside in light of the pressures on MCA/LEP budget for 2020/21 because of Covid-19. £500,000 has been set aside as an income protection provision. £1.6m is expected from AMP in 2020/21 but pressure has already seen income levels fall off. It is expected that up to 25% of the income will not be delivered. The loss of tenants also brings a liability for service charges and business rates to MCA. £400,000 has also been set aside to assist Covid-19 Recovery for a comprehensive recovery plan, capacity and some funding for business grants.

Conclusions

As reported in January, the MCA has benefited from additional windfall income in the year. Positive action early in the year has also delivered savings across the organisation in salaries. Even with making sensible provisions for the impact of Covid-19 on the current year's budget there is a net underspend on the original planned budget of £675,000.

The 2020/21 budget report highlighted the issue of funding the next Mayoral election as a future pressure on future MCA budgets. It concluded that the Election Reserve needs to be increased to meet that future cost of c£2m. Therefore, the Board are asked to confirm the transfer of the net underspend of £675,000 to the Mayoral Election Reserve. This will increase the Reserve to £908,000. A planned transfer of £800,000 from General Reserve will mean £1.708m will be set aside at 31st March 2021.

2.3 Revenue Programme Expenditure 2019/20

SCR manage several revenue programmes. The funding and spending are outside the core operational budget for 2019/20. Table 2 below identifies the actual spend against planned programme for the year.

Table 2 – Revenue Programme Spend 2019/20

Programme	2019/20 Budget	Outturn	Variance
	£'000	£'000	£'000
Skills Bank 2	£1,157	£357	£800
Health Led Employment Trial	£2,179	£2,698	-£519
Enterprise Advisor Pilot	£180	£76	£104
Growth Hub	£829	£417	£412
One Public Estate	£330	£94	£236
Planning Delivery Fund	£162	£142	£20
Sustainable Travel Access Fund	£2,500	£2,495	£5
Energy & Sustainability	£59	£58	£1
Key Account Management	£102	£102	£0
HS2 Growth	£298	£170	£128
Mayoral Capacity Fund	£1,302	£1,302	£0
Total	£9,098	£7,911	£1,187

All the underspends on these programmes will be carried forward to 2020/21. The underlying issues on the major underspends are outlined in this section.

Skills Bank 2 is on track to deliver on the programme identified but the original profile of spending had too much in 2019/20 which has resulted in less funding being drawn down from the Skills Bank 2 reserve. This funding will be carried forward and spent in 2020/21.

Health Led Employment Trail has now in its final stages. The overspend shown relates to the performance grant payment to South Yorkshire Housing Association. This will be met by funds retained from the 2018/19 allocation.

Enterprise Advisor Pilot The Careers Enterprise Council (CEC) make funding available each academic year for the scheme. The SCRMCA acts as intermediary and only claims from CEC what it has paid out to delivery partners. In the 2019/20 financial year £76,000 was drawn down.

Growth Hub continues to deliver essential services to the business community. A Growth Hub Reserve was set up from the original Local Growth Fund allocation to fund additional services in South Yorkshire over the period of the programme. In 2019/20 less money was drawn down from the pot as other funding sources were maximised. That funding remains in the reserve and will be utilised in 2020/21 as part of the recovery package.

One Public Estate is a programme funded by Government to help better utilise assets held across the wider public sector. The underspend reflects the reduced expenditure in 2019/20 because of the challenges faced with the major sites. Flooding and contract negotiations have contributed to that. However, the funding can be carried forward to 2020/21 and momentum will be maintained on the South Yorkshire programme

2.4 **South Yorkshire Transport Revenue position**

The outturn position for 2019/20 is shown below in table 3.

Table 3 – Transport Revenue Outturn 2019/20

	Budget £'000	Actual £'000	Variance £'000
Mandatory & Discretionary Expenditure			
ENCTS/Mobility Concessions	24,869	23,790	1,079
Financial Obligations			
Capital Financing	10,797	10,784	13
Depreciation	3,889	3,889	0
Pensions	2,256	2,202	54
Discretionary Expenditure			
Child Concessions	1,689	2,814	-1,124
Departure Charges	-1,183	-1,117	-66
Tendered Bus Services	5,649	5,844	-196
Community Transport	1,657	1,657	0
Operational Departments			
Customer Services	1,792	1,556	236
Public Transport	5,523	5,442	81
Support Departments	2,799	2,716	83
SYLTE Budget Outturn 2019/20	59,737	59,578	159
Accounting Adjustments - Grants		-619	619
Other Accounting Adjustments		-311	311
Write back of Provisions		-787	787
Write back of Pension Reserve for 2019/20		-876	876
New Provision for Covid-19 Income loss		1,600	-1,600

SYPTE Final Outturn 2019/20	59,737	58,585	1,152
Combined Authority operational expenditure	328	341	-13
MRP - existing	3,195	3,161	34
External interest	1,388	1,388	0
Investment income	-1,819	-2,303	484
MCA Transport Outturn 2019/20	3,092	2,586	505
Overall Transport Outturn 2019/20	62,829	61,171	1,657

The budget outturn position for SYPTE is in line with that reported previously to Members in January 2020. A £1m underspend on ENTCS concessions due to reducing patronage is offset by a similar overspend on child concessions. This was a consistent position throughout the year before Covid-19. The significant change is that a provision of £300,000 has been made in these accounts to meet emerging costs to support the continuation of the tram system in April as a result of Covid-19 pressures and a timing lag in support coming from Department for Transport. At the time of reporting, this cost is likely to be met by Department for Transport grant in 2020/21.

The transport arm of the Group has also benefited from additional investment income which has resulted in a favourable variance of £505,000 at year end. This money will be added to the Levy Reduction Reserve in the closure of accounts process.

Provisions

Each year the provisions made by the Authority need to be reviewed. This year has seen £787,000 returned to the revenue account. Accounting adjustments were made during the audit of 2018/19 accounts concerning pension payments. Consequently, £876,000 is returned from the pension reserve to the income and expenditure account for 2019/20. In addition, there are technical accounting adjustments that are made at year end to reflect the accounting treatments of depreciation and assets and the impact upon the final revenue balance. In 2019/20 there is specifically £619,000 relating to accounting treatment of grants and £310,000 for other financing adjustments.

A review of the impact of Covid-19 has been undertaken upon the SYPTE 2020/21 revenue budget. The major threat is to the income budget of £4.1m covering park and ride charges, commercial income, property rent, departure charges and service charges. A real risk of £1.6m has been identified and a new provision has been made in the 2019/20 accounts to cover the impact in 2020/21. The final underspend of £1.152m will fall into SYPTE Operational reserve.

Conclusions

The outturn position for transport is broadly in line with the budgetary monitoring reports that Members have received throughout the year. Covid-19 had limited impact on the 2019/20 financial position but is likely to create additional budgetary pressure in 2020/21. Some provisions have been made to try to alleviate those pressures as explained above. It will be a key risk that will be monitored throughout the year.

The reserves position is considered in the last section of this report where the overall financial resilience of the Group will be considered.

2.5 Capital Programme Expenditure 2019/20

The summary capital outturn for 2019/20 is shown below in Table 4. It sets out the actual spend against each programme.

Table 4 -Capital Outturn 2019/20

2019/20 Capital Programme			
Programme	Current budget	Forecast Outturn	Variance
	£'000	£'000	£'000
Local Growth Fund	£35,458	£36,147	-£689
Highways Capital Maintenance	£16,078	£14,745	£1,333
SYLTE (excluding ITB)	£8,902	£8,098	£804
Integrated Transport Block	£9,834	£9,531	£303
Transforming Cities Fund	£4,244	£1,973	£2,271
BDR Transport Capital Pot	£3,079	£2,607	£472
Low Emission Buses	£1,293	£1,293	£0
	£78,888	£74,394	£4,494

Local Growth Fund

The programme for 2019/20 had grown from the original profile to £43m. However, several major schemes in the programme have sought re-profiling of expenditure to 2020/21. In the end, spend of £36.1m was achieved that exceeded the target set by Government.

Highways Maintenance Block

This grant funding is for Barnsley, Doncaster and Rotherham highways capital maintenance programmes. The underspend of 8% is due to the actual reduced level of work undertaken and claimed in the year. Approval is sought to carry forward this underspend into the 2020/21 programme.

SYLTE Capital Programme

The underspend of £804,000 is predominantly due to a reduced level of spend on some projects as a result of Covid-19 related lockdown restrictions. In other cases, some major schemes have almost completed but there are underspends due to retentions being held back until snagging works are completed. Approval is sought to carry forward this underspend to complete the delayed programme.

Integrated Transport Block

Approval is sought to carry forward £303,000 into the 2020/21 programme.

Transforming Cities Fund

Department for Transport allocated £4.2m for 2019/20 for schemes within South Yorkshire. Some delivery issues were identified and DfT has agreed that £2.2m can be carried forward to 2020/21. All four schemes will now be completed in summer of 2020, Covid-19 permitting.

BDR Transport Pot

The underspend reported here reflects the reprofiling of planned expenditure to 2020/21 in Barnsley to support the M1 junction 37 works programme. Approval is sought to carry forward this underspend to meet these costs in 2020/21.

2.6 Provisions and Reserves

2.6.1 Provisions

Provisions are where the Authority considers setting aside funding to meet new impending revenue expenditure. This could be in the form of a procurement process that is underway that does not meet the definition of an accrual, a new investment that will deliver efficiencies or to meet impending threats to the budget from unforeseen challenges. In the current situation Covid-19 meets that criteria. Mention has been made of the creation of provisions earlier in the report and the rationale for doing so. However, for transparency, Table 5 below identifies all the provisions that are on-going and will be part of the financial accounts of the Group.

Table 5 – Provisions as at 31st March 2020

MCA/LEP Provisions		
	£'000	£'000
HR and IT Development	£200	
Outstanding Payment for Project Mercury	£250	
Costs of Short-Term Contract Staff Severance	£40	
South Yorkshire Futures	£94	
Planned Building Maintenance	£400	
Loss of Income from Covid-19 Impact	£500	
COVID-19 Recovery	£400	
Business Support Review	£100	
Digital Infrastructure Plan	£80	
Miscellaneous	<u>£80</u>	£2,144
SYLTE Provisions		
Potential Grant Recovery	£270	
Asset Management	£731	
Legal Claims & Fees	£169	
SYSL Payments	£300	
Covid-19 Income loss	<u>£1,600</u>	£3,070
Total Provisions @ 31st March 2020		£5,214

Reserves

2.6.2 The Group has Reserves set aside to meet future liabilities. Some are earmarked for specific reasons whilst others are to protect and safeguard its financial position against volatile income streams and to ensure its on-going security. Table 6 identifies all the revenue reserves held by the Group.

Table 6 – Reserves held as at 31st March 2020

		Balance @ 1.4.2019	Forecast variance	Use of Reserves	Balance @ 31.3.2020
		£'000	£'000	£'000	£'000
MCA/LEP General Reserve	u	£1,768	£675	-£675	£1,768
Business Rates Resilience Reserve		£843	£153		£996
Mayoral Election Reserve		£233		£675	£908
MCA/LEP LGF Reserve		£1,655	£7		£1,662

Skills Bank Reserve		£1,680	£3,397		£5,077
Skills Bank 2		£1,100			£1,100
MCF		£0	£908		£908
Total MCA/LEP Revenue Reserves		£7,279	£5,140	£0	£12,419
SYPTTE Operational Reserve	u	£8,273	£1,152	-£4,474	£4,951
SYPTTE Asset Management Reserve				£1,500	£1,500
SYPTTE Covid-19 Income Reserve					£0
SYPTTE Covid-19 Recovery Reserve				£3,000	£3,000
SYPTTE Earmarked Reserve		£4,992		-£26	£4,966
SYPTTE Revenue Reserves		£13,265	£1,152	£0	£14,417
MCA Levy Reduction Reserve		£25,091	£505	-£6,076	£19,520
MCA Transport General Balances		£5,888			£5,888
MCA PFI Reserve		£9,810	£1,348		£11,158
Total Revenue Reserves		£61,333	£8,145	-£6,076	£63,402

u = unearmarked reserves

MCA/LEP Reserves

Most of these reserves have been earmarked for specific purposes by either the funding source such as Skills Bank or by decision of the MCA Board. The general fund reserve is £1.768m at 31st March 2020 and is unearmarked. This is in place to cover unexpected fluctuations that have not been provided for. A reasonable level has been identified as £1m for the current MCA/LEP activities and budget. An allocation of £800,000 to Mayoral Election Reserve was identified in the 2020/21 Budget Report which will bring the balance in line with good practice.

SYPTTE Reserves

SYPTTE Operational Reserve operates as MCA/LEP general reserve and is in place to cover unexpected fluctuations in expenditure or income. It has been reduced to £4.95m this year. A reasonable level of operational reserve is around 5% of the revenue expenditure which would be c£3m under normal circumstances. The level of operational reserve will be reviewed during the 2021/21 budget setting cycle as it may be required to balance a reducing income budget into the medium term.

£4.5m has been allocated to two new earmarked reserves that have been created this year to reflect on-going potential issues for the organisation. An asset management reserve has been created to deal with any future impairment charges that are made from revaluing assets. Under the accounting conventions used for SYPTTE, all impairments to value are shown in year. By creating a specific reserve, the impact on the operational reserve will be mitigated and help future financial planning. A second earmarked reserve of £3m has been created to set aside funds to deal with additional pressures on expenditure that the recovery from Covid-19 may place upon SYPTTE budgets. It has been allocated in a reserve rather than a provision because there are no clear plans or costs for the activities. If there is no demand in the year, this will be reviewed alongside all Earmarked Reserves during 2021/22 budget process and at year end for 2020/21 and appropriate changes made.

The major utilisation of reserves was the draw down of £6.076m from the levy reduction reserve. This was £0.5m less than planned in the 2019/20 budget because of the surplus investment income achieved from treasury management in the year. Whilst this

balance is large at £19.52m, it will be fully drawn down over the life of the medium-term financial plan.

2.7 Overall Conclusions

The 2019/20 outturn position reflects the activities undertaken by the Group in the financial year. The accounts have been drawn together in line with CIPFA Code of Practice and all appropriate accounting standards.

Finance directors are required to consider the on-going financial strength of an organisation as they present the financial accounts. The emergence of the Covid-19 epidemic is a key consideration and a theme throughout this report. Risks to the on-going sustainability of each part of the Group have been assessed and specific budgetary impacts examined. Potential further calls on SCR Group resources have also been reviewed and sensible provisions and changes to Earmarked Reserves have been proposed as part of the closedown process. In my opinion this is the appropriate course of action and the Group remains in strong financial health with the ability to continue to operate and deliver its services in 2020/21 and beyond.

3. Consideration of alternative approaches

- 3.1** This report sets out the financial outturn position against planned budget for 2019/20. It is a statutory requirement to report to the Executive and therefore no alternative approach is appropriate.

4. Implications

4.1 Financial

This paper provides information on the overall outturn position for SCRMCA Group for 2019/20. Actions have been taken to set up provisions to mitigate the impacts of Covid-19 on the 2020/21 financial position for each discrete area. These positive actions will help the organisation meet the challenges to services for 2020/21 as well as protect and safeguard the financial security of the organisation.

Alongside this report, officers have prepared the draft statutory accounts for publication in line with the statutory framework. This timetable has been relaxed under the current Covid-19 situation, but it is intended to publish following the formal meeting and appropriate approvals.

4.2 Legal

This paper reports the overall financial position to MCA in a timely manner. The financial accounts of all local authorities are supposed to be published subject to audit by 31st May each year. However, this timetable has been relaxed this year for 2019/20 accounts due to pressures of the Covid-19 epidemic. Following this meeting, the draft accounts will be reported to Audit and Standards Committee and then published ahead of audit.

4.3 Risk Management

The main financial risk to the organisation is the additional financial pressure in 2020/21 on the revenue budgets of SYPTE and MCA/LEP arising from Covid-19. The provisions identified as part of this process and creation of earmarked reserves will mitigate and reduce the impact in year and allow positive action to be undertaken in the recovery phase of the current situation.

4.4 Equality, Diversity and Social Inclusion

There are no equality, diversity and social inclusion implications arising directly from this paper.

5. Communications

5.1 None

6. Appendices/Annexes

6.1 List any relevant appendices/annexes here: none

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

Other sources and references: None

1st June 2020

Grant Acceptance and LGF 2020/21 Position

Purpose of Report

This paper requests approval to accept the LGF Grant and DIT KAM programme grant for 2020/21 and HMG Emergency Active Travel Funding and seeks delegated authority be given to the S73 Officer in conjunction with the Head of Paid Service and Monitoring Officer to enter into legal agreements for the schemes.

This report also sets out the 2020/21 LGF programme activity, noting this is the final year of the current six-year LGF programme

Thematic Priority

Cross cutting - financial

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

This paper will be made available under the MCA publication scheme.

Recommendations

Members are asked to

1. Approve acceptance of the Local Growth Fund grant allocation for 2020/21, to deliver the programme outlined in Appendix A to this report.
2. Approve acceptance of the Department of International Trade (DIT) continuation funding for Key Account Management (KAM) revenue programme for 2020/21.
3. Approve acceptance of HMG Emergency Active Travel Funding
4. Delegate authority to the S73 Officer in conjunction with the Head of Paid Service and Monitoring Officer to accept the grants of £43.37m plus the allocation for Active Travel, subject to their acceptance of the terms of the agreements when these are received.

1. Introduction

1.1 The Local Growth Fund 2020/21

LGF is a 6 year, £360m funding programme secured through three rounds of Local Growth Fund deals made between the Government and the LEP Board, with the MCA acting as the Accountable Body for all funds awarded to the LEP. The notional allocation of LGF Grant for the 1920/21 year we are expecting to receive from government is £43,238,940.

1.2 Key Account Management (KAM) 2020/21

The Department of International Trade have funded the Key Account Manager programme since 2018/19 and have offered the LEP, with the MCA acting as accountable body, £140k for 2020/21 to continue and expand the programme for a further year. The KAM programme aims at providing dedicated advisor support to help foreign owned companies achieve their growth potential.

1.3 HMG Emergency Active Travel Funding

Following recent announcements, Government have signalled that they are making available additional funding for MCAs for Active Travel, in recognition of the importance for social distancing of active travel as an alternative to public transport and private car use. The funding allocation for Sheffield City Region is estimated to be between £5m - £8m 70/30 Capital/Revenue Split. This amount will be confirmed in the coming weeks.

2. Proposal and justification

2.1 Acceptance of LGF grant 2020/21

To resource the final year of the LGF programme (20/21) Members are asked to approve acceptance of the LGF Grant, estimated to be £43,238,940. At the point of publication, the formal grant offer letter has not yet been received from MHCLG. Approval is requested to delegate authority to the S73 Officer in conjunction with the Head of Paid Services and Monitoring Officer to accept the grant, subject to their acceptance of the terms of the agreement.

The grant will be deployed to fund the schemes remaining in contract and a small number currently progressing through the assurance process. A full list of schemes is included in Appendix A.

2.2 Acceptance of DIT KAM grant 2020/21

This grant acceptance has been brought directly to the MCA due to a need for a speed of decision.

There are estimated to be c700 foreign-owned companies already located in the city region (based upon standard DIT terminology of a minimum of 10% foreign ownership). The KAM programme targets any Sheffield City Region businesses who are not already actively account managed directly by the DIT or local authorities.

Last year's targets were exceeded. The programme engaged with 62 foreign investor businesses to gather business intelligence and discuss future investment strategies. This was against a contract target of 30 businesses. From this the project went on to achieve notable success with 11 of these businesses creating new jobs or making further investments in the region. This was against a contract target of 8.

The programme operates via a specialist business advisor to work with the companies. This support has been contracted via a fixed term consultancy agreement. The proposal for 20/21 is to continue this approach but to manage the workload by engaging two advisors.

2.3 Acceptance of HMG Emergency Active Travel Funding

This grant acceptance has been brought to the MCA, in advance of the grant offer agreement due to the likelihood of a short timescale for acceptance from the DFT.

The scheme is expected to include:

- Reallocating road space for active travel by rapidly introducing temporary measures using cones, safety barriers, or road closures to motor traffic (for part or all of the day);
- Measures to create space for cyclists and pedestrians;
- Actively routing car traffic away from congested areas through measures such as employer communications, travel planning, and variable message signs;
- Engaging with employers to seek to ensure that additional cycling facilities, such as storage and parking, are available;
- Encouraging walking and cycling to school, through measures such as 'school streets,' where traffic is restricted at pick-up and drop-off times;
- Closing roads or residential neighbourhoods to through motor traffic or restricting access for motor vehicles to specific streets or networks of streets
- Working with businesses and community groups to open other under-used facilities in town and city centres for changing or cycle storage; and
- Creating and maximising the use of new "pop up", park and ride, walking and cycling facilities on the outskirts of urban areas – so people can use their cars without creating congestion or preventing active travel in town and city centres.

3. Consideration of alternative approaches

- 3.1 LGF - Do Nothing** – this is not an option and the MCA is obliged to accept the final year grant money to manage its contractual obligations.

KAM – Do Nothing – this option was considered but it is recommended this is rejected as it would minimise the work the LEP are seeking to do with foreign owned business, particularly in converting interest into tangible new investment projects.

HMG Emergency Active Travel Funding – Do Nothing – this option is not desirable as the funding is in response to easing the lockdown restrictions and assisting in the management of mobility using different means of travel.

4. Implications

4.1 Financial

This paper sets out the indicative LGF budget and the KAM budget for 20/21. The total expenditure of the LGF programme and the KAM budget will continue to be managed so that they will not exceed the financial resources available.

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

4.2 Legal

Prior to accepting the grants, the SCR will ensure that the conditions are acceptable, and will subsequently put in place arrangements to comply with the grant conditions. The legal implications of acceptance of grant will be fully considered by the S73 officer in conjunction with a representative of the Monitoring Officer.

4.3 Risk Management

LGF

Risks include under performance against the agreed outputs which could result in clawback of funding – however performance has been carefully managed through the lifetime of the programme to date and all outputs/targets are currently being achieved.

High risk schemes in delivery will continue to be monitored and reported back to the LEP and MCA.

A report detailing delays in delivery due to COVID-19 has been prepared and issues are being highlighted to MHCLG and an extension to the LGF programme has been requested. However, at the present time no extension has been granted.

KAM

Given the importance of foreign-owned companies to the city region, both in the context of Brexit and their typical innovation and growth-oriented characteristics, the funding on offer through this programme is welcome as it presents an opportunity to fill gaps in existing provision through a dedicated KAM resource that directly supports foreign-owned companies.

Risks include under performance against the agreed outputs which could result in clawback of funding – however performance is carefully monitored through the lifetime of the programme to date and all outputs/targets have been achieved.

HMG Emergency Active Travel Funding

Risks in accepting the funding are the inability to respond rapidly to implement the schemes and the transport network in SCR is not as ready as possible for lockdown restrictions to be lifted

4.4 Equality, Diversity and Social Inclusion

None as a direct result of this paper.

5. Communications

- 5.1** The current position reported in this paper has been communicated to Local Authority Chief Executives and Directors of finance prior to publication.

6. Appendices/Annexes

- 6.1** Appendix 1 – LGF Project List with 20/21 spend

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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

Project	LA Area	20/21
Upper Don Valley Flood Alleviation Scheme	SCC	£2,299,948
A630 Westmoor Link Dualing	DBC	£2,231,909
DN7 Unity - Hatfield Link Road	DBC	£751,800
M1 Junction 36 – A6195 Dearne Valley Economic Growth Corridor (Phase 1 Hoyland)	BMBC	£6,046,325
M1 Junction 36 – A6195 Dearne Valley Economic Growth Corridor (Phase 2 Goldthorpe)	BMBC	£5,064,181
M1 Junction 37 Ph2 –Economic Growth Corridor (Claycliffe)	BMBC	£10,178,154
Strategic Testing Tools	SCR	£190,186
DMC2 Digital Media Centre	BMBC	£106,596
Digital Engineering Skills Development Network	SCC	£3,092,425
Doncaster UTC Ltd	DBC	£50,000
Barnsley College Digital Innovation Hub	BMBC	£1,870,633
BIF	SCR	£5,619,849
Corporate	SCR	£1,165,487
Curvalux	RMBC	£8,000,000
Skyline	SCC	£619,000
Pipeline Project	LA Area	20/21
Greasbrough Road Junctions	RMBC	£2,400,000
Forge Island Phase 2	RMBC	£1,300,000
BIF	SCR	£10,000,000

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1st June 2020

LGF Programme Approvals

Purpose of Report

In line with the agreed Assurance Framework this paper seeks approval of change requests for six projects and seeks delegated authority to the Head of Paid Service in consultation with the S73 and Monitoring Officer to enter into legal agreements for the schemes.

Thematic Priority

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

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

This paper will be available under the Combined Authority Publication Scheme

Recommendations

Members are asked to consider the change requests outlined below and if agreed, delegate approval to the Head of Paid Service in consultation with the Monitoring Officer to enter into contract variations, in accordance with the agreement reached.

Members are asked to approve:

1. Project change request from “DN7 Unity project” to reprofile £751,800 expenditure from 19/20 into 20/21, to agree an extension to works completion from August 2020 to December 2020 and reprofile of outputs and outcomes in accordance with the revised timescales.
2. Project change request from “Digital Media Centre 2” to reprofile £106,596 expenditure from 19/20 into 20/21, to agree an extension to works completion from March 2020 to June 2020 and a reprofile of outputs and outcomes in accordance with the revised timescales.
3. Project change request from “Strategic Testing Tools” to reprofile £190,196 expenditure from 19/20 into 20/21
4. Project change request from “M1 J36 Phase 1 Hoyland”- to reprofile £2,621,858 expenditure from 19/20 into 20/21, agree a reduction in the total grant value of £610,009 and a revision of outputs and outcomes in accordance with the revised reprofile.
5. Project change request from “M1 J37 Phase 2 - Claycliffe” to reprofile £1,376,858 expenditure from 19/20 into 20/21 and revision of conditions to enable entry into contract.
6. Project change request from “Doncaster Sheffield Airport Car Park Extension Loan” to extend the works completion date from April 2020 to January 2021.
7. Delegated authority be given to the Head of Paid Service in consultation with the s73 and Monitoring Officer to enter into legal agreements for the schemes covered in 1-6 above.

1. Introduction

1.1 In recognition of unforeseen circumstances that can arise during the project delivery phase the approved Assurance Framework establishes a formal process for the acceptance of change requests. These change requests could be financial requiring reprofiling of funds or could be to amend deliverables or timescales.

The Assurance Framework established that some change requests will be presented for approval to the relevant Executive Board, in line with their agreed delegation levels whilst others will require the approval of the MCA Board.

1.2 There are six change requests for LGF which require MCA approval. These are detailed in sections 2.1 to 2.6 below.

2. Proposal and justification

2.1	Scheme	19/20 Allocation	19/20 Final Expenditure	Allocation to be moved into 20/21
	DN7 Unity Project	£8,170,320	£7,418,520	£751,800
<p>The project is building a 2.9km road to unlock housing, retail, commercial and education facilities. The total project cost is £18.17m of which £11.15m is the LGF contribution.</p> <p>Detail of request – The project was impacted due to the sustained rainfall in October and November. The impact was highlighted as a concern at the time but considered manageable as the site itself didn't suffer from direct flooding. It was subsequently confirmed that the land had been saturated and was not drying out as quickly as anticipated which highlighted the following issues –</p> <ul style="list-style-type: none"> ➤ inadequate drainage capacity on the site; ➤ until the land dries, earthworks could not continue; and ➤ the fill material sourced for the site was also saturated and unsuitable for use at this time. <p>The project is requesting:</p> <p>Cost - to reprofile £751,800 from 19/20 into 20/21 Time - A four-month extension to works completion from August 2020 to December 2020. Quality – Reprofile of outputs and outcomes by 1 year</p>				

2.2	Scheme	19/20 Allocation	19/20 Final Expenditure	Allocation to be moved into 20/21
	Digital Media Centre 2 (DMC 2)	£1,076,737	£970,141	£106,596
<p>The project is acquiring and refurbishing an underutilised building in the centre of Barnsley to be used as business space. The total project cost is £3.16m of which £2.21m is the LGF contribution.</p> <p>Detail of request - Delays in appointing a contractor and delays in the works programme has caused some slippage.</p> <p>The project is requesting:</p> <p>Cost - to reprofile £106,596 from 19/20 into 20/21. Time - A three-month extension to the works completion from March 2020 to June 2020. Quality - A reduction of 4% commercial floorspace output.</p>				

2.3

Scheme	19/20 Allocation	19/20 Final Expenditure	Allocation to be moved into 20/21
Strategic Testing Tools	£190,196	£0	£190,196

The Strategic Testing Tools project has developed transport and land use models for appraising business cases.

Detail of request - The Department for Transport (DfT) will sign off the models which are near completion for use in assessing future business cases. The time taken until DfT approval means that there are delays in the LGF spend. Requirement to spend funds post DfT sign off to finalise both models, but delays associated with Mass Transit business case has resulted in no LGF spend this year.

The project is requesting:

Cost - to reprofile £190,196 from 19/20 into 20/21.

Time – No impact

Quality – No impact

2.4

Scheme	19/20 Allocation	19/20 Final Expenditure	Allocation to be moved into 20/21
M1 J36 Phase 1 Hoyland	£2,621,858	£0	£2,621,858

The project consists of five work packages to contribute to the delivery of new and improved highways infrastructure works which will enable the delivery of key areas of employment land along the M1 Junction 36 Dearne Valley Economic Growth Corridor. The total project cost is £56.3m of which £15.7m is the LGF contribution.

Detail of request – The project has experienced delays in developer agreements and starting delivery of remaining work packages. Further development of the individual work packages has been necessary which has led to revised outputs and outcomes. There has also been an underspend in Work Package 1.

The project requests:

Cost – to reprofile £2,621,858 from 19/20 to 20/21 and,

£610,009 reduction in overall LGF allocation (from 20/21 allocation)

Time – No impact

Quality - Outputs

- 7% reduction in Commercial Floorspace
- 4% increase in Employment Land Remediated
- No change in New / Improved Highway

Outcomes

- 1% reduction in Private Sector Leverage

No change in Jobs

2.5	Scheme	19/20 Allocation	19/20 Final Expenditure	Allocation to be moved into 20/21
	M1 J37 Phase 2 – Claycliffe	£1,376,858	£0	£1,376,858
<p>The project contributes to off-site highway mitigations which will open up land for future commercial development, housing and schools. The total project cost is £18.17m of which £10.637m is the LGF contribution.</p> <p>Detail of request – The Project has been unable to meet one of the pre-contract conditions which requires confirmation that all statutory approvals are in place including planning permission. The project consists of six work packages of which three require planning permission. These have been duly submitted for planning consultation and approval, however they are not due to be considered by Planning Regulatory Board until June 2020, therefore the project sponsor is currently unable to execute the funding agreement or commence works and subsequently submit any grant claim for reimbursing until after the Planning Regulatory Board approval. Three of the work packages also require third party land negotiations and land acquisition.</p> <p>The project is requesting:</p> <p>Conditions of funding - an update to the conditions of funding so that work can commence once each work package has received all statutory consents, rather than the full project having to wait until all work packages have consent in place prior to funding drawdown.</p> <p>Cost - to reprofile £1,376,858m from 19/20 into 20/21.</p> <p>Time – No impact</p> <p>Quality – No impact</p>				

2.6	Scheme	19/20 Allocation	19/20 Final Expenditure	Allocation to be moved into 20/21
	Doncaster Sheffield Airport	-	-	-
<p>Detail of request – A discovery of a protected species on site has caused a delay due to the need relocate prior to works commencing the project has requested a nine-month extension from April 2020 to January 2021.</p> <p>The project is requesting:</p> <p>Cost - to reprofile £190,196 from 19/20 into 20/21 and repayment of LGF loan in one repayment at the end of the term, rather than staged payments.</p> <p>Time – A nine-month extension to works completion from April 2020 to January 2021</p> <p>Quality – No impact</p>				

3. Consideration of alternative approaches

- 3.1 Do nothing - If the schemes extensions are not approved, then the schemes would become undeliverable and cause significant risk to the scheme promoter.

4. Implications

4.1 Financial

The LGF Programme successfully reached its 19-20 annual spend target of 35.5m, therefore these movements can be accommodated with no loss to last year's allocation. The funding for

these projects has been approved and the changes will have no detrimental impact on 20/21 LGF allocation and any pipeline projects.

4.2 Legal

The legal implications of each project have been fully considered by a representative of the Monitoring Officer and included in the recommendations agreed by the Appraisal Panel as presented in the supporting information

4.3 Risk Management

Some of the schemes have experienced delays that could not have been predicted such as a result of the recent floods and other environmental impacts, however others are delayed due to statutory consents not been in place and issues with 3rd party agreements. These schemes pose a higher risk to the programme, and if further delays occur they may fail to deliver within the LGF timeframe.

High risk schemes will continue to be monitored and any changes will be reported back to the LEP and MCA.

A report detailing delays due to COVID-19 has been prepared and issues are being highlighted to MHCLG and an extension to the LGF programme has been requested. However, at the present time no extension has been granted.

4.4 Equality, Diversity and Social Inclusion

The principles of equality, diversity and social inclusion are built into the change control process and continue to be considered and addressed.

5. Communications

- 5.1** The approval of the change requests presents an opportunity for positive communications; officers from the SCR Executive Team will work with the relevant local authority officers on joint communications activity.

6. Appendices/Annexes

- 6.1** NONE

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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:

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1st June 2020

SHEFFIELD CITY REGION ACTIVE TRAVEL IMPLEMENTATION PLAN

Purpose of Report

To present to the MCA the final draft of the SCR Active Travel Implementation Plan, for consideration and adoption.

Thematic Priority

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

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

This paper will be available under the Mayoral Combined Authority Publication Scheme

Recommendations

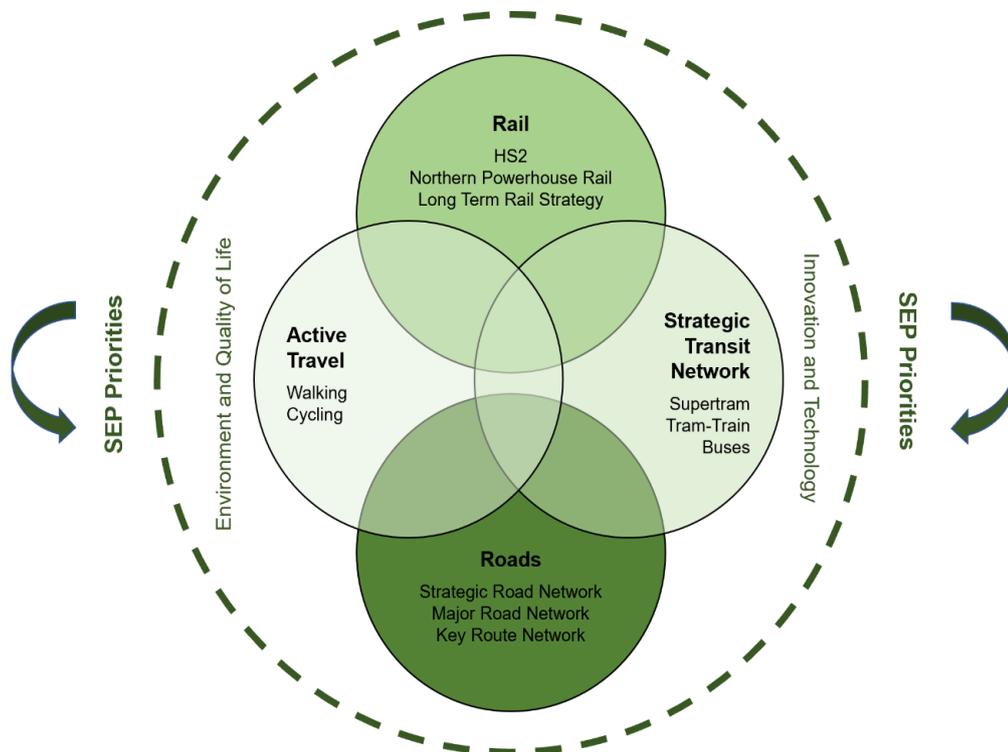
That members endorse the Active Travel Implementation Plan.

1. Introduction

- 1.1 Sheffield City Region Transport Strategy sets out the Vision, Goals and Policies for transport across the Region. The delivery of this strategy is being undertaken through the development of a series of Implementation Plans, the first of which to be adopted was the Rail Implementation Plan in July 2019. The Active Travel Implementation Plan (ATIP) is the second Plan to be developed and sets out the future work programme for Active Travel.
- 1.2. The Plan has been developed in partnership with Local Authority partners and incorporates the work undertaken previously on the Local Cycling and Walking Infrastructure Plan (LCWIP). This Plan forms the regions wider active travel network for investment between now and 2040.
- 1.3 Whilst the ATIP was written before the current Covid-19 crisis, the key issues and principles are now even more relevant given the need for ongoing social distancing and the impact that will have on transport patterns and public transport usage.
- 1.4 This report sets out the process that has been followed in producing the ATIP and the next steps in proceeding with its delivery.

2. Proposal and justification

- 2.1** Following the adoption of the Transport Strategy, SCR has been working through the future work programmes to develop a pipeline of interventions in response to the vision, goals and policies described in the document. The Implementation Plans provide scheme level detail, developing a comprehensive work programme for SCR and local authority partners over the next few years.
- 2.2** The Strategy identifies four key programmes of work to be organised around rail, active travel, roads and the strategic transit network (public transport), with additional cross cutting work programmes around future mobility and air quality. There will be a degree of overlap between the work programmes as illustrated in the following diagram, some of which the SCR will lead, some of which we will contribute to and some of which we will seek to influence.



- 2.3** The ATIP is the second of these plans to be developed and focuses on the work programme for SCR and Local Authorities to deliver the Transport Plan Vision, Goals and Policies for active travel between now and 2040.
- 2.4** SCR appointed an Active Travel Commissioner and Active Travel Project Director in April 2019, following which work started on the associated Implementation Plan. Prior to this, the Government had been encouraged local transport authorities to develop Local Cycling and Walking Infrastructure Plans (LCWIP) that are intended to take a strategic approach to cycling and walking scheme identification. Whilst a draft LCWIP was produced, this process was restricted by the funding available which meant it focussed on a limited number of corridors. As such the ATIP has build upon the LCWIP and expands the range and scope of the active travel corridors under consideration.
- 2.5** Through the ATIP, we set out what we need from our active travel network to achieve the goals, policies and success criteria outlined in the Transport Strategy and the Mayor's vision for Transport. Enabling more people to cycle and walk will improve the local connections from/to our neighbourhoods, helping us to deliver our aspirational journey time

targets and to achieve the 21% and 350% increase in walking and cycling respectively, as outlined in our Transport Strategy.

2.6 At present, SCR does not have a defined city region-wide cycle route network. Whilst each of the four South Yorkshire Local Authorities has a mapped cycle route network, these have developed over time using on and off-road facilities and each is delivered to a different standard, not always meeting the inclusive standards required to enable large scale modal shift to active travel. The ATIP sets out a joined up South Yorkshire wide walking and cycling network delivered to a consistent standard which better connects all our residents and communities to employment and local services, as well as the wider public transport network. Allied to this, will be the delivery of any temporary infrastructure to maintain social distancing during Covid-19 which will contribute to the whole regional network.

2.7 The ATIP sets out the Commissioner's pledges regarding the active travel network and the standards that should be met by future infrastructure funded by the region. These Pledges are summarised as:

1. To be led by our communities
2. To enable active travel, not just encourage it
3. All our infrastructure will meet or exceed minimum standards
4. All our infrastructure will be fully accessible

2.8 Combining the pledges with the Plan objectives a series of interventions have been identified that are grouped into the following timeframes;

- Temporary interventions responding to Covid-19. Whilst these are not included in the plan, they will help shape and accelerate planning of the next two phases.
- Interventions for which we aim to complete business cases in the next five years, with the aim of these interventions being delivered from the mid-2020s onwards.
- Interventions for which we will do more investigation work and develop options for, in the next five years, such that these interventions could be delivered from the late 2020s onwards.

These interventions have been mapped out and when combined, create an active travel network map for delivery by 2040. In line with the Commissioner's first pledge '*to be led by communities*', a baseline has been included in the form of a map showing public feedback on the current level of active travel infrastructure provision in the region, gathered from the online SCR Active Travel map.

2.9 The Plan was developed through close working with all the South Yorkshire Local Authorities and a series of workshops have been held to develop the network map for 2040. The 2040 network incorporates the routes developed by SCR and partners following the DfT's LCWIP process but also includes routes identified as significant by our partners covering a much wider network. Supporting measures in the form of Low Traffic Neighbourhoods feature in the plan as well as the location of our Transforming Cities Fund (TCF) active travel projects.

2.10 TCF will be funding the interventions listed on Map 2 of around £83m, however the remainder of the interventions will require a source of funding for delivery beyond the TCF project period 2020 – 2023. Following adoption, this Plan should be treated as a key document that places the region in a strong position to bid for future Government announcements regarding future active travel funding. The cumulative list of interventions from all the Implementation Plans will form an overall Transport Programme, which will provide the focus of the MCA's work on transport for the forthcoming years.

2.11 Active Travel design standards will play an important role in securing improvements in active travel infrastructure in South Yorkshire. The government is due to issue national design standards. To date, the Active Travel commissioner has issued a set of design principles based on the commissioner's pledges alongside minimum criteria. Final design guidance will be brought to the next MCA meeting for approval.

3. Consideration of alternative approaches

3.1 Following the adoption of the Transport Strategy in January 2019, there is a requirement to outline how the strategic ambitions of that document can be translated into a workplan for delivery. Consideration was given to alternative ways in which to develop such a programme, including having a single combined Implementation Plan. However, it was felt that's this would result in a failure to adequately consider each of the modal issues thoroughly or give enough space to reflect on the impact of the two cross cutting topics. As such the MCA previously agreed this approach to the development of Implementation Plans.

4. Implications

4.1 Financial

There are no direct financial implications arising from this report. At present the SCR do not have all of the necessary funding to deliver this plan. The successful TCF bid will support the delivery of some of the interventions but further funding will be required to deliver all the interventions outlined in the plan.

4.2 Legal

In making the decisions contained in this report, Members are reminded of their legal duty under section 149 of the Equality Act 2010 to have due regard to the need to :-

- I. Eliminate discrimination, harassment and victimisation;
- II. Advance equality of opportunity between those who share a protected characteristic and persons who do not share it; and
- III. foster good relations between those who share a protected characteristic and persons who do not share it.

In having due regard to the need advance the equality of opportunity between persons who share a protected characteristic and persons who do not, Members should have due regard to the need to :-

- a. remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- b. take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- c. encourage persons who share a relevant protected characteristic to participate in public life or in any activity in which participation by such persons is disproportionately low.

An Equality impact assessment has been undertaken (Appendix II) and this shows that adoption of the schemes and objectives in the ATIP will not have any material adverse impacts. The assessment shows that adoption and delivery of the ATIP could be beneficial for some of the groups covered by the Equality Act 2010. It is for Members to determine the weight to be given to the various factors that inform the decision, including the equality impacts and the legal duty under section 149.

4.3 Risk Management

Individual projects will be subject to separate bespoke risk assessments during their development and implementation.

4.4 Equality, Diversity and Social Inclusion

The development and subsequent delivery of this plan will have a positive impact on the residents and visitors to SCR. The design standards outlined within the plan, pledges to deliver infrastructure that is accessible for all.

In line with this requirement placed on national Government, SCR have set a carbon budget of 44.7 MtCO₂ that must be remained within, in order to limit warming to 1.5 degrees. The region is taking a proactive approach to considering the carbon impact of our decision making and the impact this will have on the UK Government in achieving their nationally determined carbon emissions reductions. The Active Travel Implementation Plan (ATIP) focuses on enabling active travel, the most environmentally sustainable transport option available.

5. Communications

- 5.1 A full programme of communications activity will be delivered to mark the launch of the ATIP. This will involve communications being delivered across a number of channels, including social media, digital media and traditional media, and interview opportunities will also be offered to broadcast and print journalists from the regional, national and specialist media. Where appropriate, this communications activity will be delivered in partnership with key stakeholders within the region and nationally.

6. Appendices/Annexes

- 6.1 List any relevant appendices/annexes here;

I – Sheffield City Region Active Travel Implementation Plan
II – Equalities Impact Assessment

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Other sources and references:

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Active Travel Implementation Plan

Sheffield
City Region

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FOREWORD

In South Yorkshire, the natural choice for many people when deciding to travel, is to drive. Around 40% of journeys that are 1 km or less are driven in a car, a choice that is causing the health of our population and environment to deteriorate.

Car centred development has created towns and communities where safe places to play, walk and cycle have been overlooked and priority always given to cars. Local walking in these communities to schools, local shops and services is lower than in previous generations and concerns over the safety of cycling is preventing many people from using their bike (with this concern being higher amongst women and older people¹).



The knock-on effect of an over reliance on the car is much lower levels of activity which is contributing to a health crisis. Our current generation of schoolchildren will spend much more of their lives in poor health and have a lower life expectancy than their parents. Our towns and cities are struggling with congestion, which also impedes the operation of our public transport system.

Together with Mayor Dan Jarvis, I am committed to enabling more people to walk and cycle in our region. By building an Active Travel Network which is safe and suitable for all, we will create a cleaner, greener and healthier future for the children being born today.

Debilitating illness already affects our communities with more and more people expected to be living with multiple health conditions by 2035². Adults living with a disability are twice as likely as non-disabled adults to be physically inactive yet physical activity is important for health and wellbeing and can also help people remain well in the first place³.

Social isolation, poor mental health and impairment leaves many in our communities without transport options. It is vital we rethink the way our roads are used and how our neighbourhoods are planned. Creating a city region that prioritises people over motor traffic and provides greater transport choice is our ambition for 2040, so that we can enable a new generation of active travellers who are never so reliant on a car as we are today.

Dame Sarah Storey
Active Travel Commissioner

¹Walking and Cycling Statistics: England 2017

²Kingston, A et al. Projections of multi-morbidity in the older population in England to 2035: estimates from the Population Ageing and Care Simulation (PACSim) model. *Age and Ageing*, 2018; 1:47:374-380.

³*Sport England, Active Lives Adult Survey November 2017-18*

Growing up where physical activity is part of everyday travel will help to ensure future generations live healthier, longer lives.

0 - 5 YEARS OLD

Pre-school children will learn to walk and cycle

Our new generation will learn to walk and cycle free from traffic danger and be able to play and explore their local neighbourhood with their parents and carers, not just experience it through the windows of a car. Parents and carers can take their children out walking and cycling as part of everyday life.

11 – 15 YEARS OLD

Young people

Our young people will be confident walking, cycling and taking public transport to school and for other trips. Parents will have greater confidence that their children are safe on independent journeys and able to get enough exercise to keep them in good physical and mental health

6 – 10 YEARS OLD

Primary school children will

The new generation will be able to walk, cycle and scoot to school. They will be able to play locally and get their daily exercise in their local neighbourhood. They will be able to cycle walk and use public transport on trips from their home with their parents and learn to travel independently.

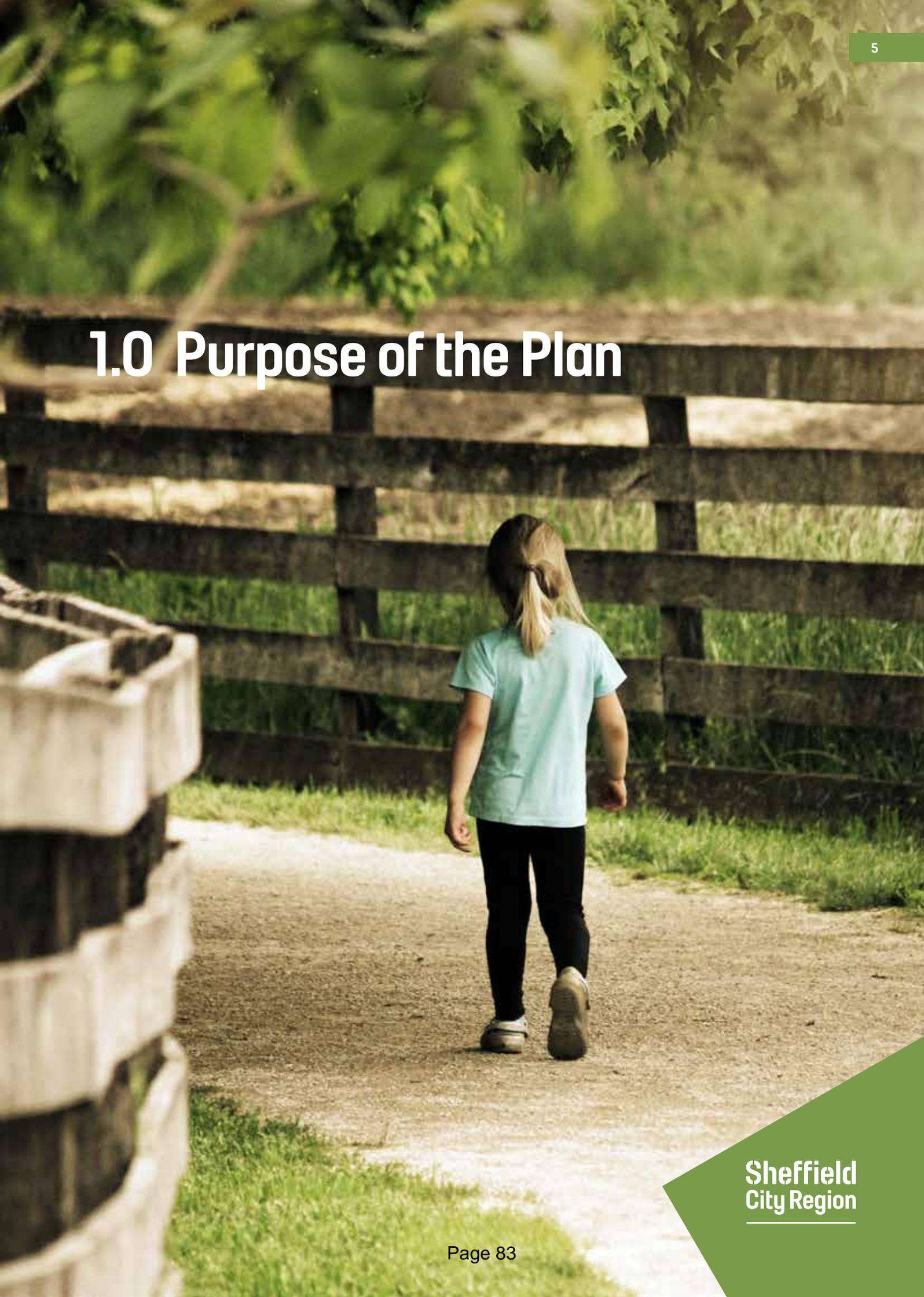
15 – 20 YEARS OLD

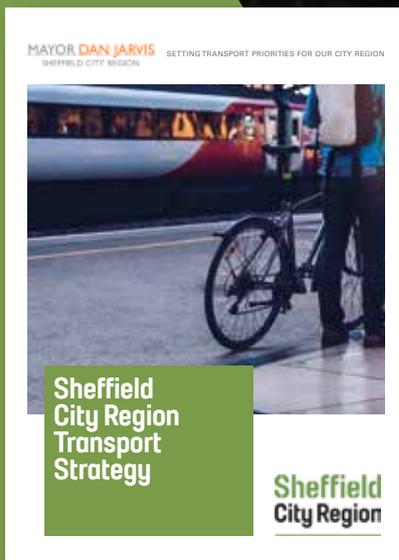
Young adults

Our young adults will leave school to take up further study, apprenticeships or employment, more likely to use public transport, walk or cycle, rather than own a car.

For too long our neighbourhoods, towns and cities have been designed around cars not people. By creating a city region that no longer designs out activity, we can ensure that young or old, mobile or with accessibility requirements, we have an efficient transport system that works for everyone.

1.0 Purpose of the Plan





The Sheffield City Region (SCR) Transport Strategy sets out how we intend to better connect our major urban and economic centres to enable the better flow of people, goods, businesses and ideas across the City Region, as well as promoting our rural and visitor economies. By doing so we will help create jobs, secure new investment and grow our economy.

The Strategy is underpinned by three goals:

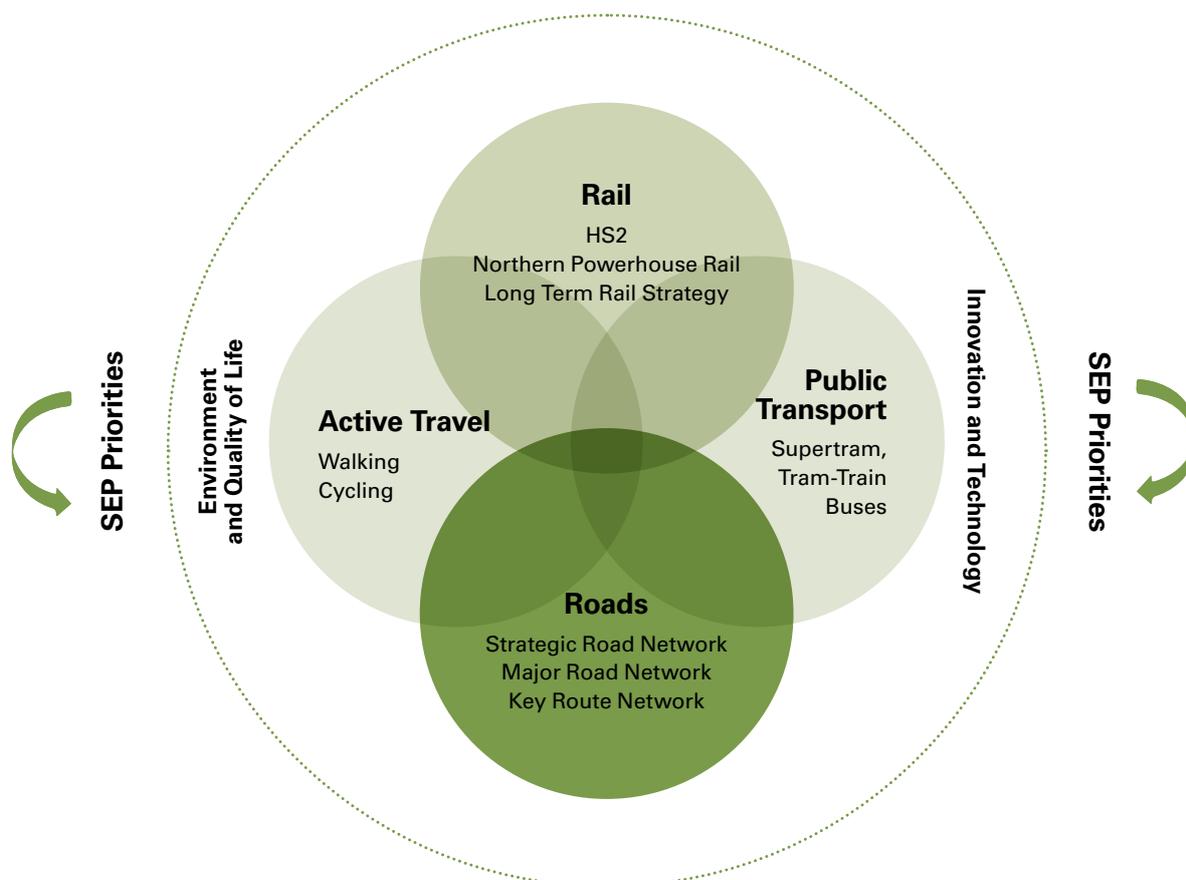
Residents and businesses connected to economic opportunity

A cleaner and greener Sheffield City Region

Safe, reliable and accessible transport network

The Strategy also envisages a series of implementation plans, some of which the SCR will lead, some of which we will contribute to and some of which we will seek to influence. The Strategy envisages four key programmes, as shown below.

This is the Active Travel Implementation Plan within the Transport Strategy. This plan also incorporates the work undertaken in partnership with the DfT to develop a Local Cycling and Walking Infrastructure Plan (LCWIP).



The Mayor's Vision for Transport stated that he would put pedestrians and cyclists at the centre of our transport plans. If the plans for significant economic growth within the City Region are to be realised, it is forecast that there will be up to half a million extra trips per day across our transport network and if current trends continue, many of these journeys would be made by car – this is not a sustainable situation.

By delivering the policies in our Transport Strategy, we want to increase the levels of walking and cycling by 21% and 350% respectively, by 2040. To be successful we need to consider the interventions required to make walking and cycling (active travel) the natural choice for short journeys and improve the links to public transport. As 40% of current car commuting trips are less than 1 km in length, the SCR has a significant opportunity to promote public transport and active travel.

The benefits of walking and cycling are wide reaching both for our City Region and for individuals continued well-being. Increased levels of walking and cycling contribute to improved physical and mental health in children and adults, as well as doubling up as sustainable modes of transport, with positive benefits for air quality, reducing our carbon footprint and cutting down on car use.

Road transport is already the single biggest contributor to poor air quality, responsible for some 80% of harmful roadside nitrogen dioxide (NO₂) concentrations¹. The Cabinet Office has estimated that motorised road transport costs English urban areas between £38 to £49 billion a year, as a result of excess delays, accidents, physical inactivity, air pollution, greenhouse gas emissions and noise². Without action, traffic problems on our roads, through our neighbourhoods, will become even worse and the cost to our society will continue to rise.

Creating environments and transport networks which promote and enable walking and cycling as part of everyday life can not only help create active, healthier and more liveable communities³ but can also have significant economic benefits. For example, sickness absence costs UK business around £29 billion annually⁴ however cycle commuters take one day less sick leave on average each year, estimated to save UK business around £83 million. It is possible to move a much greater number of pedestrians and people on bikes through a space than cars, meaning that active travel also offers efficiencies in terms of land use and road space.

Walking and cycling as activities in their own right are good for people and can improve community cohesion. There is evidence to suggest that people who walk and cycle visit their high street and local facilities more frequently and spend more money there, compared to people in cars. High streets that create attractive environments for active travel and for spending time in, attract more shops and make the high street more attractive and economically viable.

Yet although these benefits of walking and cycling are widely recognised and reported on, funding for active travel is piecemeal and complex, often released on a competitive basis, covering a limited timeframe. This restricts our capacity to make the long-term funding commitments and plans that are necessary to achieve the growth we aspire to.

¹Department for Environment, Food and Rural Affairs, UK plan for tackling roadside nitrogen dioxide concentrations: Technical report, 2017, page 9

²Ref 41 in PHE

³PHE active travel

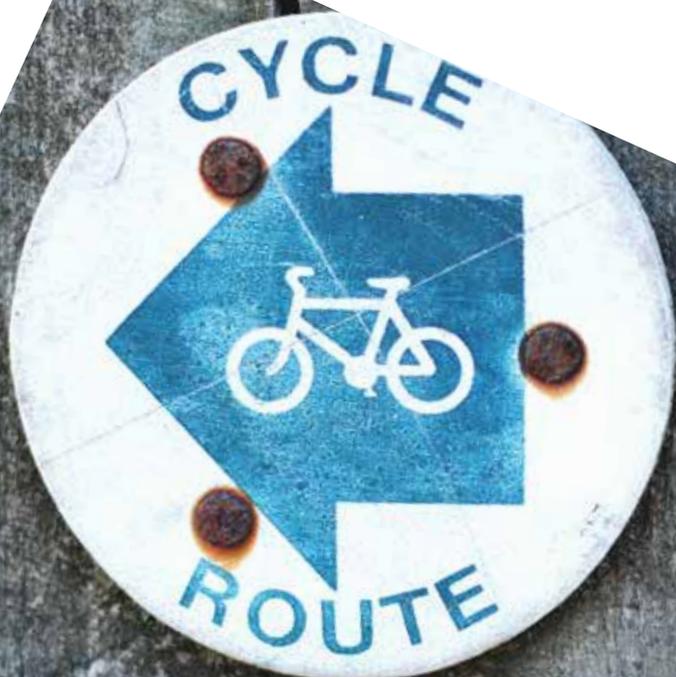
⁴www.pwc.co.uk/human-resource-services/issues/the-rising-cost-of-absence-sick-bills-cost-uk-businesses-29bn-a-year.jhtml;

The Government's vision is to make cycling and walking the natural choice for shorter journeys and to achieve this, local transport authorities were encouraged to develop Local Cycling and Walking Infrastructure Plans (LCWIP), intended to take a more strategic, evidence led approach to improving the conditions for cycling and walking and to identify cycling and walking schemes for future investment, ideally over a 10 year period.

The SCR developed a draft LCWIP in 2018/19 with support from SCC and support from DfT, which identified key cycle desire lines and two corridor level maps per local authority area, highlighting the preferred route and feeder areas for further development. Core walking zones and walking desire lines were also identified but there was no guarantee of supporting funding.

The early elements of the draft LCWIP have been incorporated in this plan and informed the active travel elements of SCR's Transforming Cities Fund (TCF) programme. The four year TCF programme is the first step but in order for the legacy of this to be continued and built upon, a more long term approach to investment is needed to fund a step change in walking and cycling infrastructure across the City Region. A long term funding programme is required for us to address the current problems of air pollution, poor health and traffic growth, taking a fresh look at how we plan our travel networks and affecting a real and sustained change in how people travel around the SCR.

To demonstrate a commitment to the development of a truly transformational approach to active travel across the SCR, the Mayor appointed an Active Travel Commissioner in April 2019 and confirmed the membership of an Active Travel Advisory Board in September 2019. Board members include representatives from national and regional cycling and walking organisations, including British Cycling, Living Streets, Sustrans, Yorkshire Sport, the health sector and Cycling UK.



The appointment of the Commissioner, the establishment of the Advisory Board, the development of the draft LCWIP and the TCF programme all now provide the foundations to progress our plans to make our City Region a place where our streets and neighbourhoods are safer and more enjoyable for pedestrians and people on bikes and where people of all ages and abilities are enabled to walk, cycle or use public transport. In October 2019, SCR launched an interactive map inviting people from across the region to highlight what is and what isn't working on South Yorkshire's current network of roads, cycle paths and footpaths. The results of this consultation will be used to shape our programmes of activity going forward.

Through this Active Travel Implementation Plan, we will set out what we need to do to make these aims a reality and to achieve the goals, policies and outcomes set out in the Mayor's Vision for Transport and the SCR Transport Strategy. It will take the draft LCWIP evidence base and build on this to develop a network of active travel routes across the SCR, setting out where investment is needed to deliver this, some of which will be sought from the TCF in the short term. This Plan will take an integrated approach to active travel, outlining the design standards required to deliver high quality infrastructure that will enable people to engage in active travel across the City Region.

We know that the most effective active travel strategies consider the combined roles of hard infrastructure and behaviour change interventions⁵ so, recognising that infrastructure alone is not enough to achieve our policy ambitions, we will also consider the behaviour change interventions required to make active travel the natural choice for shorter journeys. As our Sustainable Travel Access Fund revenue programme is currently due to end in 2021, we will review the successes of this programme and build on them, to encourage more people to incorporate physical activity within their daily lives and to improve sustainable access to services, amenities and job opportunities for everyone. This integrated approach along with continuous funding will help to shift the balance from predominantly car based trips to active travel.

It is also important that this Plan is not viewed in isolation. Active travel can form a small part of a longer distance journey, indeed most longer distance journeys will start with a shorter journey, many to a bus stop, interchange or rail station. For this reason, our other implementation plans also reference active travel as each has a part to play in delivering this vision and making space for active travel.

This Plan will deliver the infrastructure and support required to increase activity levels in the next generation. SCR will enable easier walking and cycling journeys, either in isolation or as part of a longer trip through integration with public transport, helping to realise the Mayor's Vision for Transport and to help deliver a transport system that works for everyone.

⁵Sheffield Hallam University, Active Travel Strategy Review, (2019)

2.0 Background

Existing Active Travel Network and Challenges

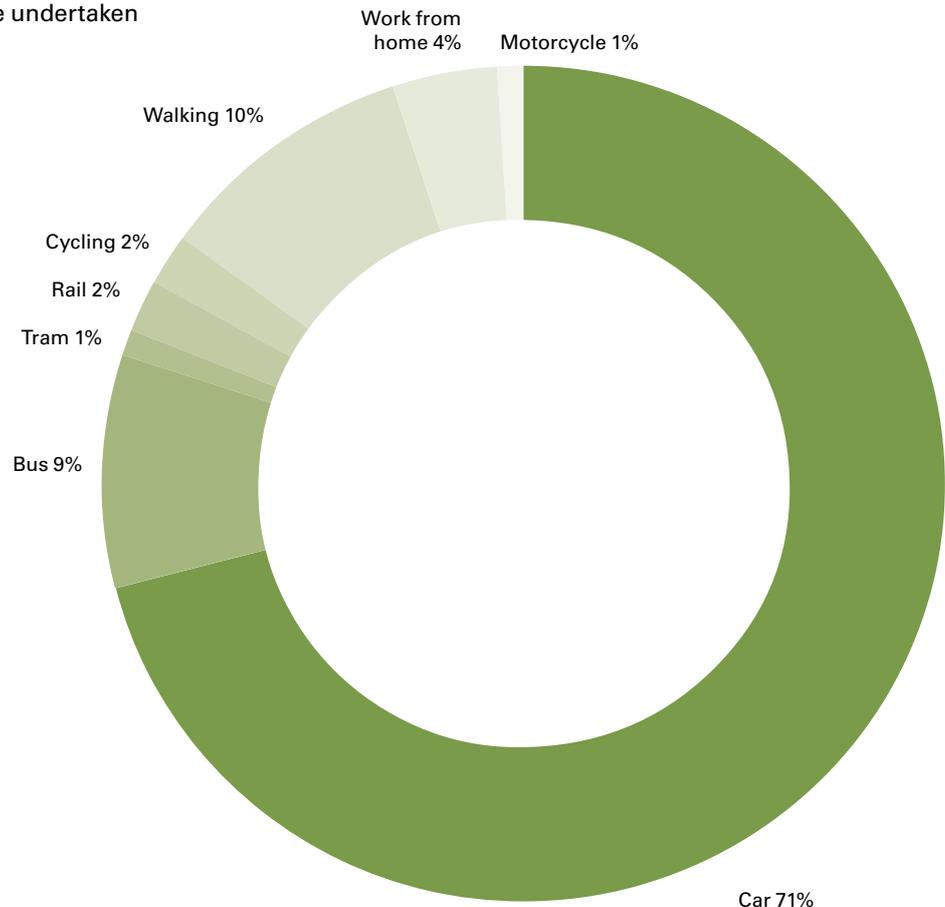
At present, SCR does not have a defined city region-wide cycle route network. Whilst each of the four South Yorkshire Local Authorities has a mapped cycle route network, these have developed over time using on and off road facilities and each is delivered to a different standard.

The Trans Pennine Trail and National Cycle Network both run through South Yorkshire, forming an important part of the existing networks however, a fully joined up South Yorkshire-wide walking and cycling network delivered to a consistent standard, would better connect all our residents and communities to employment and local services, as well as public transport routes.

Walking and cycling infrastructure, for many of our residents offers no meaningful choice as in places the network stops and abandons them to work it out for themselves. Given these issues it is perhaps not surprising that only 2% of journeys to work are undertaken by bicycle and 10% by walking.

This is compared to 71% of journeys to work undertaken by car⁶, a trend that has increased since 2001 which is contrary to the general UK trend of decreasing car commuter trips⁷.

The levels and certainty of funding afforded to the different modes is also significantly different. The TCF was established in 2017 and aims to improve productivity and spread prosperity through investment in public and sustainable transport in some of the largest English city regions. The total value of the fund currently lies at just over £1.2 billion up until 2023, yet the Government recently announced a £25 billion package of improvements to the Strategic Road Network up until 2025. The latter is the second five year settlement given to these roads and yet there is no guarantee of capital funding for active travel beyond the current TCF period, and even less certainty over revenue funding.



⁶Census 2011

⁷DfT National Travel Survey, Table NTS0412 – Commuter Trips by Employment Status and Main Mode: England 2002 Onwards

⁸DfT RAS 60001– Average value of prevention per reported casualty and per reported collision GB 2018

⁹DfT RAS 60001– Average value of prevention per reported casualty and per reported collision GB 2018

¹⁰Bike Life 2015, Sustrans, www.sustrans.org.uk/bike-life/overall-survey

¹¹Case for active travel



Safety and Inclusion

In a transport context, safety is wider-reaching and a priority for all modes, all services and all locales. The perception of safety is particularly relevant with regards to active travel as it is a factor that can prevent people from walking and cycling.

Collisions not only cause distress and suffering, they also incur a larger societal cost in terms of time lost from working both for those directly involved and those who may need to take time off to look after those injured, police time and healthcare costs. In financial terms, the average cost of a Road Traffic Collision is £98,232⁸, with the cost of a fatal collision being £2,196,534⁹. This is insignificant compared to the distress and grief suffered by the victims, their families and friends, so there are gains to be made by reducing collisions both in terms of costs to society and minimising disruption on the transport network.

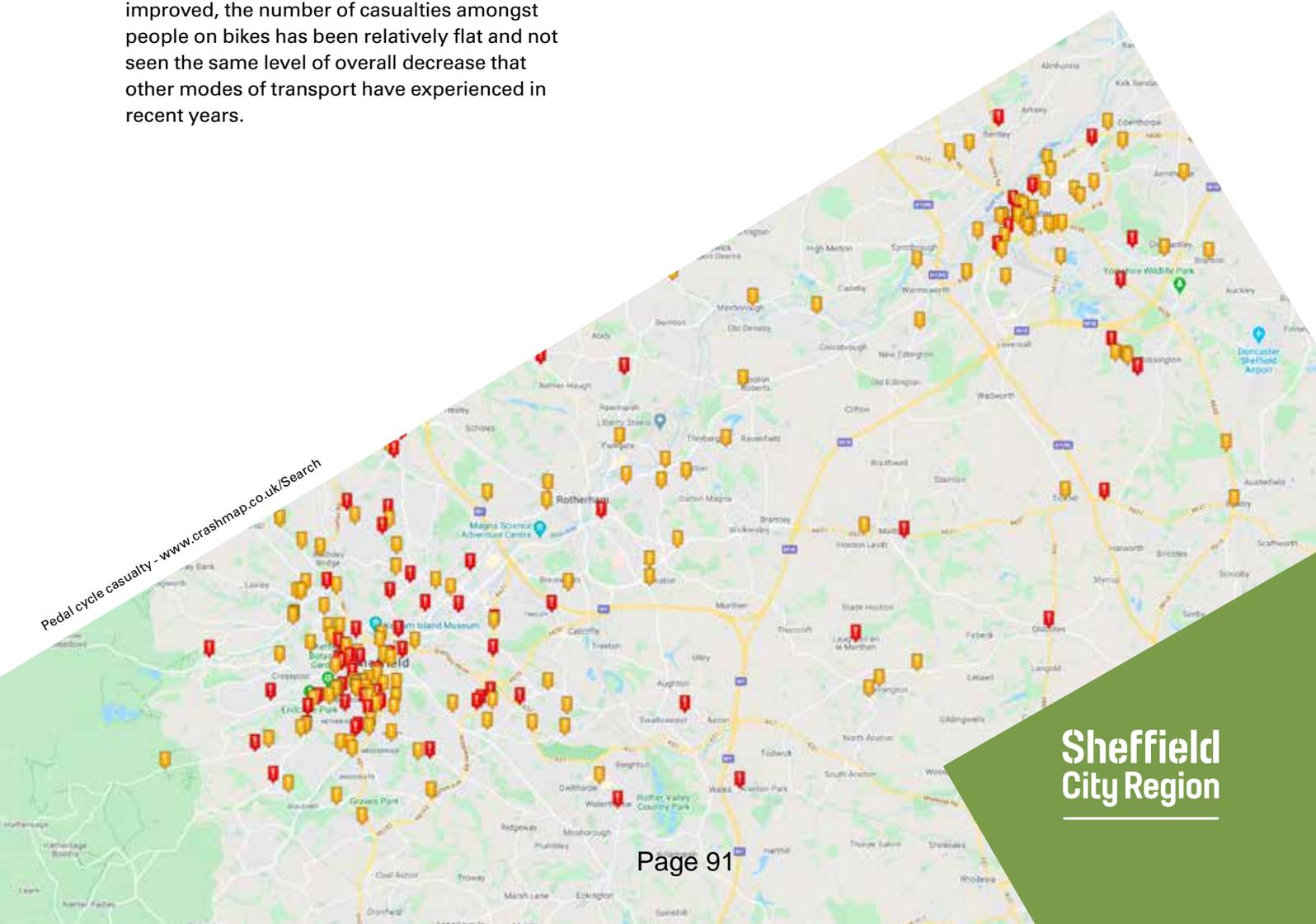
Safety for pedestrians, cyclists, passengers and drivers must remain of paramount importance as although road safety has improved, the number of casualties amongst people on bikes has been relatively flat and not seen the same level of overall decrease that other modes of transport have experienced in recent years.

Sustrans research into attitudes towards cycling¹⁰ found that whilst attitudes towards cycling are positive, with high levels of support for measures to encourage cycling, there remain real concerns over safety.

Protected cycle lanes and traffic-free cycle routes were highlighted by Sustrans as being necessary to encourage occasional bike riders and those who do not currently ride a bike, to consider cycling more.

We know that men make more cycling trips than women in all age groups, with women tending to cycle for leisure and not to commute¹¹ and adults living with a disability are twice as likely as non-disabled adults to be physically inactive⁴. Walking and cycling in childhood means that you are more likely to continue to do so as an adult therefore creating safe environments for everyone to engage in active travel from an early age, as well as delivering cycle training will improve the quality of life for all of our residents and encourage the formation of sustainable travel habits.

Pedal cycle casualty - www.crashmap.co.uk/Search



Sheffield
City Region

Air Quality & Health

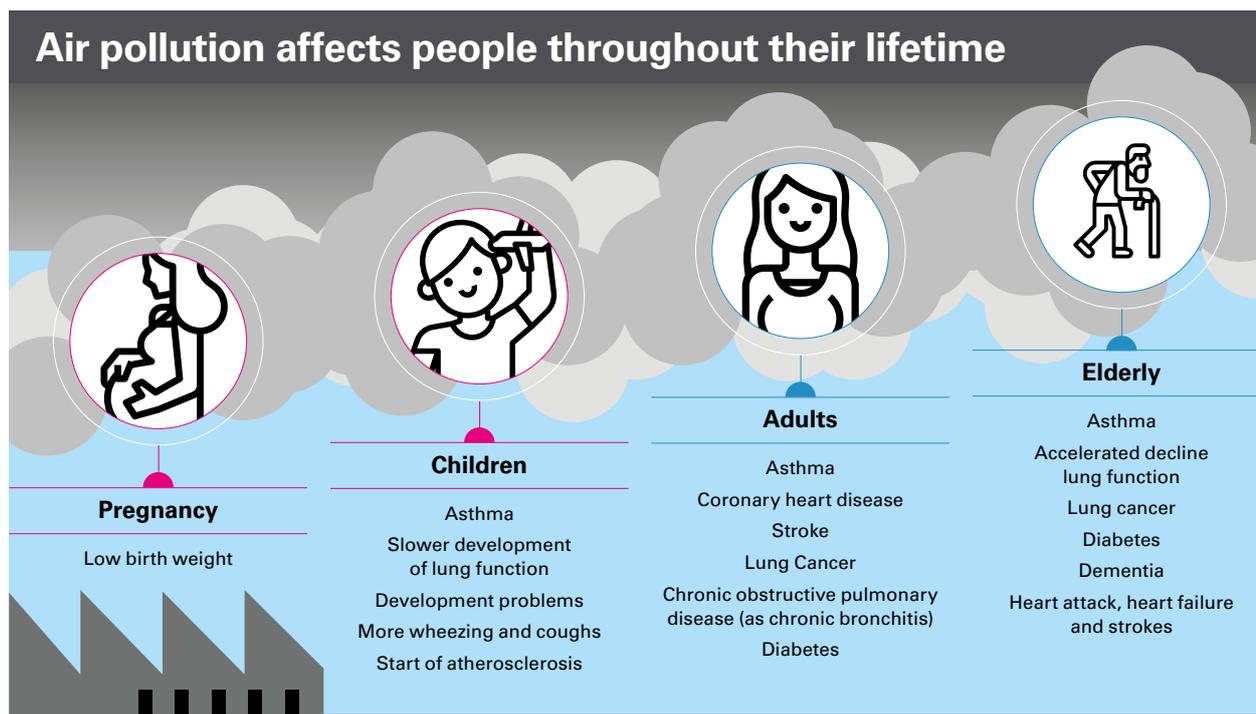
Air pollution is a major public health risk and the largest environmental health risk in the UK, causing around 40,000 deaths in the UK every year and contributing to poor health^{12,13}. In South Yorkshire, nearly 5% of deaths can be attributed to particulate air pollution and it is predicted that between 2017 to 2035 there will be 4,181 new cases of disease due to PM2.5 and NO₂ per 100,000 – equivalent to around 75,000 new cases of disease for the SCR¹⁴.

Road transport is the single biggest contributor to poor air quality and is responsible for some 80% of roadside nitrogen dioxide (NO₂) concentrations. Across our City Region we have 28 Air Quality Management Areas (AQMAs), 51 locations where NO₂ emission limits are being exceeded and a Clean Air Zone (CAZ) mandated in Rotherham and Sheffield.

Elevated levels of pollutants are very harmful to human health and the associated carbon dioxide (CO₂) emissions from road transport are also contributing to worsening climate change, which also has huge consequences for both our health but also our economic prosperity.

Air pollution can cause short term effects, such as exacerbating asthma and respiratory symptoms but also long term effects, contributing to the development of lung cancer, respiratory and cardiovascular disease and stroke. There is also increasing evidence that air pollution may cause asthma, particularly in those who live near busy roads¹⁵.





The detrimental effects of air pollution occur across our lifetime, even before we are born¹⁶. Babies in the womb and young children are particularly vulnerable to the health impacts of air pollution as this is a critical time for the development of body systems. Other groups that are more affected by air pollution include older people, people with heart or lung disease and those who live in areas of high pollution. Furthermore, many people do not realise air pollution levels in a car can be many times higher than those people experience walking or cycling along the same route.

Road traffic not only causes air pollution but is also a significant contributor to noise pollution. Environmental noise can cause annoyance, sleep disturbance, cognitive impairment in children and increase the risk of heart disease¹⁷. The World Health Organisation recommends that average day and night noise exposure are kept below certain levels to limit the impact on people's health¹⁸. Modelled data from Defra estimates that around 147,800 people in the SCR are exposed to road traffic noise levels during a 24 hour period above recommended levels and 96,400 people to above recommended nighttime noise levels, with the consequent impact on their health. Air and noise pollution are not spread evenly across SCR but tend to be worse in the poorest areas, those areas where people are less likely to own a car. Without change, the way we travel will continue to affect the health of everyone, but in particular our children, those in our poorer communities and those who already suffer with ill health.

¹²RCP report

¹³Clean air strategy

¹⁴PLOS Medicine, Estimating the costs of air pollution to the National Health Service and social care: An assessment and forecast up to 2035, Published: July 10, 2018

¹⁵PH matters

¹⁶RCP report

¹⁷WHO EN

¹⁸fingertips.phe.org.uk/profile/wider-determinants/data#page/0/gid/1938133043/pat/126/par/E47000002/ati/102/are/E08000016
Used the percentage against total size of population to derive the number. Estimate only.

Health and Wellbeing

The way that we travel and the transport we use impacts on our health, our environment and our societal wellbeing¹⁹. Half of all women and a third of men in England are damaging their health due to a lack of physical activity²⁰ and the number of children meeting the recommended amount of physical activity for healthy development and weight drops by 40% as they move through primary school²¹. Physical inactivity is estimated to cost the UK as much as £1.2 billion a year²² and directly contributes to one in six deaths²³.

Our health and wellbeing have a huge impact on our everyday lives. If we are unwell it can affect our ability to work and work productively, to study and learn and to care for others.

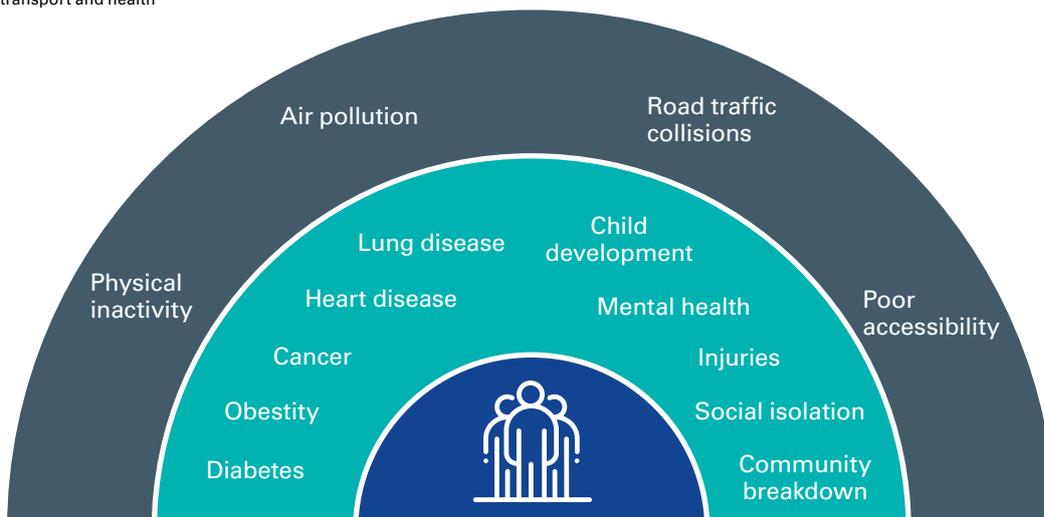
The people of SCR have poorer health compared to many other areas of the country²⁴ – less than two thirds (62.9%) are physically active at recommended levels. This is significantly lower than the England average and lower than activity levels in West Yorkshire and Liverpool city regions. Nearly 66% of adults in SCR are overweight or obese, which is higher than England and many other combined authority areas.

Being overweight has many consequences on our health including an increased risk of heart attacks and strokes, diabetes and some types of cancer, with consequences for both a person's quality and length of life. We have higher rates of early deaths due to cancer and cardiovascular disease and higher levels of common mental health disorders than the England average.

Although health is affected by many different factors, being physically active can have a huge positive impact on both our physical and mental health²⁵. Not only does being active help contribute to maintaining a healthy weight for children and adults, there is good evidence that it also significantly reduces the risk of several different diseases.

National recommendations for physical activity for adults are 150 minutes of moderate activity per week in bouts of ten minutes or more. Walking or cycling to and from work or school, five days a week, is a simple way for people to incorporate levels of physical activity into their lives and reduce their risk of developing serious health conditions.

Key adverse links between motorised road transport and health



Source: Mayor of London & Transport for London 'Valuing the health benefits of transport schemes' Transport for London 2015.

¹⁹Ref 3 PHE

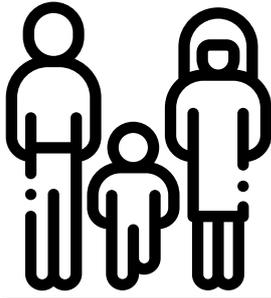
²⁰Public Health England. Number of children getting enough physical activity drops by 40%. Press release 17/7/2014. <https://www.gov.uk/government/news/number-of-children-getting-enough-physical-activity-drops-by-40>

²¹British Heart Foundation. Physical Inactivity and Sedentary Behaviour Report 2017. March 2017. <https://www.bhf.org.uk/publications/statistics/physical-inactivity-report-2017>

²²Public Health England, Everybody active, every day: An evidence-based approach to physical activity, October 2014, pages 4 and 6; and Physical activity: applying All Our Health, 6 June 2019

²³PHE fingertips data

²⁴16 in PHE



A person who is active every day **reduces** their risk of:

Type 2 diabetes

35-50% ▼

Depression

20-30% ▼

Coronary heart disease

20-35% ▼

Alzheimer's disease

20-35% ▼

Hip fracture

36-68% ▼

Breast cancer

20% ▼

Death

20-35% ▼

Colon cancer

30-50% ▼

Network Operation and Inclusive Design

Although transport plays a significant role in our health and wellbeing, car-centred development has created towns and communities where safe places to play, walk and cycle have effectively been built out to accommodate and prioritise cars.

Active travellers need safe, clear and direct routes, yet as cars remain at the heart of our transport networks, active travellers have a low priority – this is most noticeable at junctions where they are frequently stopped for motorised vehicles. At major junctions they often have to cross in multiple stages which deflect them from desire lines and causes journey disruption.

If the network for motorised transport was the same as the active travel network, few would be able to use it, because it is not continuous, direct, safe or signposted. Harnessing public support for active travel and engaging people in the network design process, is vital to address this current imbalance in the approach to the design of facilities.

Linked to the priority placed upon walkers and cyclists is the creation of space. Cycling has the potential to replace trips made by other modes, typically up to 10 km, with walking trips covering distances, typically up to 2 km²⁶. Provision of cycle storage at rail stations can also support cycling as part of a longer journey. Pedestrians and cyclists take up far less space than cars allowing the movement of a far greater number of people through a commuter route if they choose to travel on foot or by bicycle, resulting in less congestion and more reliable journey times for everyone.

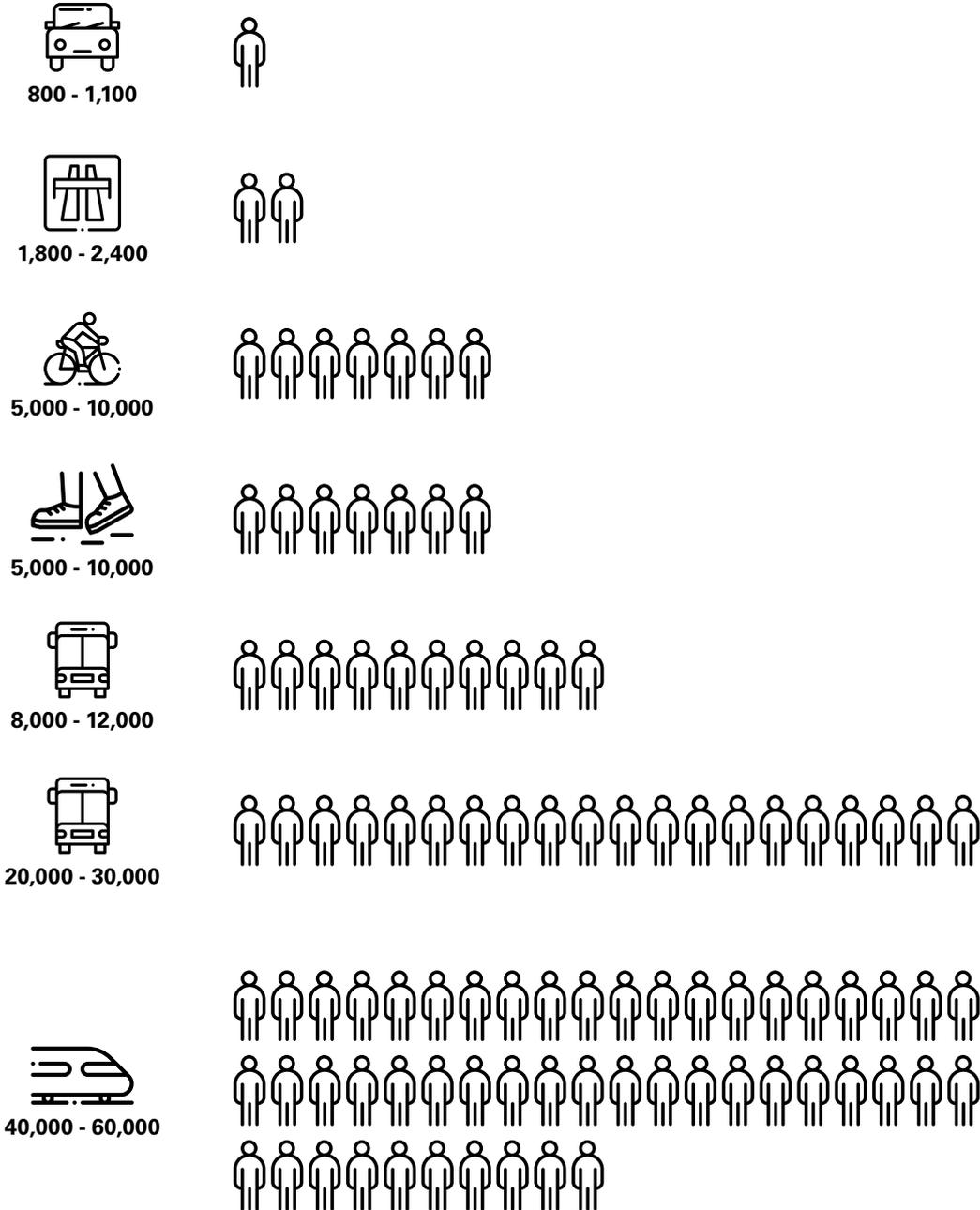
The allocation of road space is traditionally driven by how transport interventions are appraised, which again disadvantages active travel modes. Walking and cycling trips are often not counted or not fully captured when examining evidence for future transport interventions – we know that about three times as many cycling trips are for leisure than travel and walking is often not seen as a mode of transport at all, but the roots of active travel are often sown in leisure activity.

Similarly, the current system of transport scheme appraisal does not necessarily recognise the significant wider benefits of walking and cycling, being biased towards the full cost of motoring and values of time for business journeys.

We will need to create the space required to develop a South Yorkshire-wide active travel network. As well as physical barriers such as driveways and street furniture, the space where cycle lanes would go is often where residential or high street parking is situated and many drivers park straddling or occupying the footway. The creation of a footway or cycleway is often challenged because there is not enough road space – on these occasions decisions need to be made about the amount of space allocated to vehicles (both moving and stationary).

²⁶DfT Local Cycling and Walking Infrastructure Plan Guidance, April 2017

The number of people transported in a four meter wide space by different modes



Roadway capacity varies by mode  = 1000 people

The top ten challenges facing the existing active travel network in the SCR are as follows

1. There is a piecemeal approach to planning and building active travel infrastructure meaning that there is no coherent South Yorkshire-wide walking and cycling network connecting our residents, communities and the wider public transport network to reduce trips by car.
2. Funding provision is fragmented and sporadic, making long term planning increasingly difficult and implementation inconsistent and often rushed – this applies to both capital and revenue funding.
3. The design standards of walking and cycling infrastructure varies across the SCR leading to differences in provision of facilities and there is a wide variation in the ease of taking cycles on public transport and the facilities provided for cyclists in places of work.
4. The most cited reason that people do not walk cycle and walk is that it does not feel safe – vulnerable road users are still too likely to be injured or killed in traffic collisions and we need to reduce road danger caused by vehicles so that the percentage of walkers and cyclists involved in accidents reduces.
5. Elevated levels of transport-related pollution across the City Region are damaging our residents' health and carbon emissions from transport are contributing to climate change.
6. Above average levels of inactivity in parts of the City Region are contributing to ill health.
7. The design of existing infrastructure often considers walkers and cyclists last with a focus on reducing vehicular delays – at many junctions, walkers and cyclists are frequently stopped for vehicles and have to cross in multiple stages which deflect them from desire lines.
8. Much of our urban space is taken up by parked vehicles and roadside parking occupies the space that is best for active travel – cycle lanes should be where residential or high street parking is situated however, many drivers park straddling or occupying the footway.
9. Walking and cycling trips are often not counted or not fully captured when examining evidence for future transport interventions – we know that about three times as many cycling trips are for leisure than transport and walking is often not seen as a mode of transport at all.
10. The current system of transport scheme appraisal does not necessarily recognise the significant wider benefits of walking and cycling, being biased towards the full cost of motoring and values of time for business journeys – this means that making the case for active travel interventions is often more difficult.

Future Active Travel Opportunities and Needs

In order to address some of these challenges, a step-change is required in how people travel around the City Region and we need to take a fresh look at how we plan our transport networks. Enabling Active travel across the region, will help to strengthen the local connections to and between our neighbourhoods, contributing to the delivery of the aspirational journey times set out in the Mayor's Vision for Transport.

Within the SCR almost 40% of journeys to work measuring only 1 km (around a 15 minute walk) are taken by car. This figure increases to 64% when the distance is increased to 5 km; however, walking remains the dominant mode for journeys under 500 m. Converting these short car trips to active travel modes will have a positive impact on congestion and air quality in SCR. Recent data from London has shown reduced air pollution levels after the introduction of cycle lanes on one of its busiest routes.

Most of SCR's residents (85.3%) commute within the City Region boundaries. The current commuter flows within SCR are shown opposite, which highlights the particularly high commuting levels between Rotherham and Sheffield and the polycentric composition of our City Region.

Whilst there is a significant opportunity around shifting short journeys from car to sustainable modes, there is also a role for active travel to form part of a longer journey. Although walking and cycling can offer a viable alternative for trips under 5 km, by providing cycle storage at our transport hubs for example and enabling sustainable access to our rail stations and tram network, inter-regional trips covering longer distances also become possible by sustainable modes, helping to reduce car use on our busiest corridors.

Neighbourhood to Regional Hub

15
MINS

By walking, cycling, driving or using public transport, residents will be able to travel from their local neighbourhood to their nearest regional hub in no more than 15 minutes.

Regional Hub to Regional Hub

30
MINS

Using public or private transport, residents will be able to travel between the region's major centres and employment hubs in no more than 30 minutes.

Regional Hub to Major Centres

75
MINS

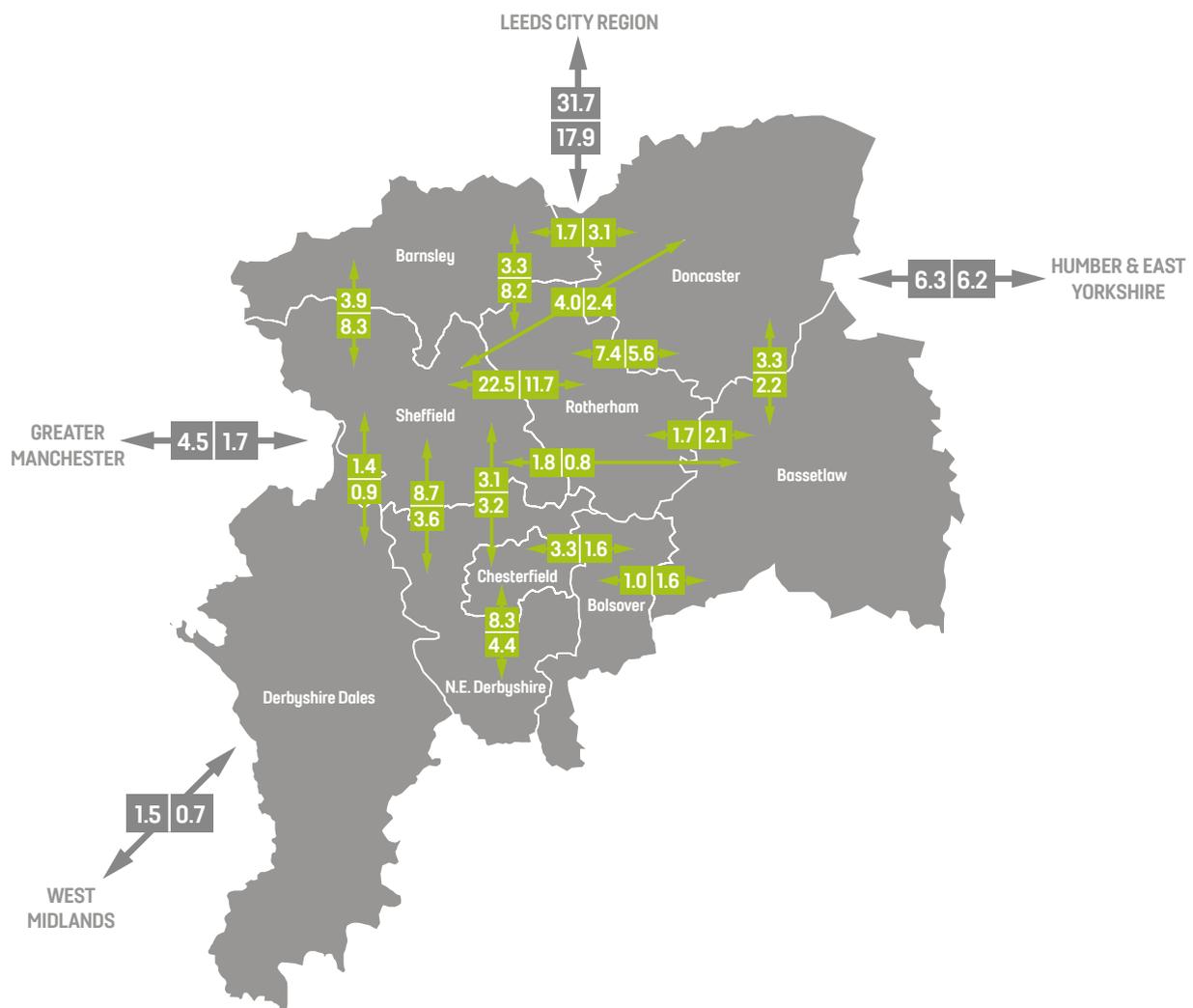
People will be able to travel from each of our main town and city centres to at least four other major cities within 75 minutes.

Whilst there are a high number of car trips on our network, more than one in five households within SCR have no access to a car. Although improving sustainable access to growth and employment opportunities for all of the SCR's residents is a clear objective, there are a number of areas across the City Region where the opportunities that have been identified could have the greatest impact on social cohesion – these are the areas that currently experience “transport poverty”²⁷. This is defined as an area of high deprivation where both public transport uptake and car ownership are low.

²⁷Areas that have no access to a car, low uptake of public transport, classified as in the top 10% deprived communities in England – SCRIPT Study 2017

Our current transport system, which prioritises car travel above walking and cycling and public transport, immediately puts these families at a disadvantage. Enabling active travel and connectivity to the public transport network in these locations in particular, can help support families to access educational and employment opportunities, which they would otherwise be excluded from due to the lack of a car. Transport offers a way of accessing economic opportunities, services and maintaining social links. Where limited travel choices constrain access to economic opportunities, an environment of “transport poverty” is created, contributing to higher levels of social deprivation. Enabling active travel can provide an affordable means of connecting people to employment and economic opportunity, to shops and leisure amenities and healthcare facilities, particularly for the one in five households in the SCR who do not have access to a car.

Whilst much of the focus of this plan is on high quality walking and cycling infrastructure, we also need to consider supporting measures to change behaviours. Active travel strategies that are the most effective combine hard infrastructure with interventions such as cycle training, walking groups and cycle loan schemes, to change the behaviour of the population using them. Furthermore, marketing, engagement and information is required to inform populations about the infrastructure and the interventions available to them²⁸. This integrated approach along with continuous funding will help to shift the balance from predominantly car based trips to active travel. By re-prioritising our transport networks we can create healthier places to live and rebalance the transport system to extend travel choice to all, not just those who have access to a car.



²⁸SHU, Active Travel Strategy Review, (2019)

Objectives of the Active Travel Plan

Drawing on the current challenges and the opportunities, the key objectives of this plan are:

- 1. To put those who walk and cycle at the centre of our transport plans to:**
 - (a) create low traffic, liveable and connected communities;
 - (b) to improve health;
 - (c) and to support low-carbon, energy efficient mobility to help address the climate emergency.
- 2. To develop walking and cycling networks to:**
 - (a) improve the economy
 - (b) embed active travel in all developments.
- 3. To develop active travel as a component of all trips, including longer multi-modal journeys across and to/from SCR as well as leisure trips.**
- 4. To provide high quality, safe infrastructure that meets a set of minimum standards.**
- 5. To empower local communities to co-develop and own ambitious future plans for walking and cycling.**
- 6. To develop an SCR appraisal and monitoring system that supports our current proposals and helps provide the evidence base for future proposals.**

These objectives will be used to ensure alignment of the interventions and the policies of the Transport Strategy and Mayor's Vision for Transport. The high quality, safe infrastructure minimum standards are set out later in this document. The Mayor's Ambition for improved journey times across the City Region outlines an aspirational journey time of 15 minutes between our neighbourhoods and regional hubs, which active travel will play a significant role in achieving.

It is also vital that the interventions set out in this Plan link back to the delivery of the three goals and nine key policies within the SCR Transport Strategy, as shown below.

Transport Strategy Goals	Transport Strategy Policies
<p>Residents and businesses connected to economic opportunity</p>	<ol style="list-style-type: none"> 1. Improve the existing transport network to enhance access to jobs, markets, skills and supply chains adopting technology solutions to support this 2. Enhance productivity by making our transport system faster, more reliable and more resilient, considering the role of new technologies to achieve this 3. Invest in integrated packages of infrastructure to unlock future economic growth and support Local Plans, including new housing provision
<p>A cleaner and greener Sheffield City Region</p>	<ol style="list-style-type: none"> 4. Improve air quality across our City Region to meet legal thresholds, supporting improved health and activity for all, especially in designated AQMAs and CAZs 5. Lead the way towards a low carbon transport network, including a zero-carbon public transport network 6. Work in tandem with the planning and development community to create attractive places
<p>Safe, reliable and accessible transport network</p>	<ol style="list-style-type: none"> 7. Ensure people feel safe when they travel and invest in our streets to make them more attractive places 8. Enhance our multi-modal transport system which encourages sustainable travel choices and is embedded in the assessment of transport requirements for new development, particularly for active travel 9. Ensure our transport network offers sustainable and inclusive access for all to local services, employment opportunities and our green and recreational spaces

Improvements to the active travel network will have cross cutting benefits across the SCR however links to policies 4, 6, 8 and 9 are particularly significant.

Improving the health and activity levels within SCR is a priority given the challenges we face around air quality and the above average levels of inactivity experienced in parts of the region. Delivery of the improvements in this Plan will increase the number of people engaging in activity and help to reduce the health problems associated with a sedentary lifestyle. Enabling people to walk or cycle more will also offer a viable alternative to the private car for short trips or as part of a longer journey, helping to deliver improvements in air quality across the City Region for all.

Active travel can support connections between new housing and other infrastructure. Through working with the planning and development community to make space for active travel, we will help to create liveable places that support the wellbeing of residents and visitors. Changing the priority given to active travel modes and re-imagining our public spaces as healthy streets, will encourage and enable more people to adopt sustainable travel habits. This will in turn reduce the negative health impacts associated with motorised road transport emissions and create spaces where it is enjoyable and safe to spend time.

The delivery of high quality cycling and walking infrastructure with integrated links to public transport will broaden the travel choices available to people, ensuring that our transport system is multi modal. We will also work with partners to embed the requirement for new developments to provide space for active travel at an early stage in the planning process, to ensure adequate provision is made. Car ownership is lower in areas of deprivation, potentially cutting people off from economic and leisure opportunities and creating an environment of transport poverty. Active travel either alone or combined with public transport can offer those without a car access to employment opportunities, local services and to our green and recreational spaces. Delivery of the measures in this Plan will help to reduce inequality of access to opportunity and will provide a sustainable low cost alternative to car travel.

The Mayor committed in his Vision for Transport that he would put pedestrians and cyclists at the centre of our transport plans.

The Active Travel Commissioner has developed four pledges that will help us to realise this vision as follows:”

1. That we will be led by our communities.

We want to listen to those who live work and visit our city region who would like to walk, cycle, run, scoot about for all purposes, and particularly hear where and how our infrastructure could enable this

2. That we will be enable active travel, not just encourage it.

We have been encouraging people to cycle and walk more for 20 years, but little has changed. We need to enable active travel by listening and changing the environment we travel in.

3. That all our infrastructure will meet or exceed minimum standards

Currently active travel infrastructure differs quite markedly across our region, but the needs of active travellers are the same.

4. That all our infrastructure will be fully accessible.

We want our cycle lanes to accommodate 3 and 4 wheeled cycles, and our footways to accommodate wheelchairs. We also want our footways to be legible for the blind and partially sighted.

In developing our interventions outlined in the next section of this Plan, we have worked with and will continue to listen to our communities, to ensure that the interventions we deliver meet the needs of those expected to use them. To ensure the infrastructure provided through this plan will enable active travel, we have developed infrastructure guidelines with our partners, to set out the minimum standards we expect to see delivered across the City Region. This approach to infrastructure provision builds on the Active Travel Commissioner’s pledges and will help us to realise our vision.

3.0 Delivering the Plan

Objectives of the Active Travel Plan

The key component of the Active Travel Implementation Plan is what we intend to do to deliver upon our objectives.

The three maps in this section show, in turn:

- Public feedback on the active travel infrastructure currently provided across the region
- Interventions that are either committed for delivery, or which we need to see delivered, in the next five years
- Interventions which will ensure that we develop a coherent South Yorkshire-wider active travel network, with the aim of these interventions being delivered from the mid-2020s onwards.

Whilst each Local Authority has their own cycle network, we are aiming to significantly raise the standard and consistency of facilities for cycling and walking, laying the foundations for the roll-out of a holistic SCR active travel network for delivery between now and 2040.

Current Provision

In October 2019 the SCR Active Travel Map went live, inviting people from across the region to highlight what is and what isn't working on South Yorkshire's current network of roads, cycle paths and footpaths. The volume of feedback received at the time of writing is shown in Map 1 alongside some of the comments that were received during this process.

At the present time, several improvements to our active travel network aligned to the draft LCWIP process are underway through our Tranche 1 Transforming Cities Fund allocation however, large scale investment is needed to fully address the comments displayed in Map 1. The Region will continue to gather and monitor feedback from the Active Travel Map to inform the deployment of activities as per the Commissioner's pledges.

Delivery in the Next Five Years

Over the next five years, we will work to ensure delivery of the first stage of our coherent active travel network using the TCF programme and drawing on some of the other components of the draft LCWIP that have been identified through consultation with the South Yorkshire Local Authorities and the Active Travel Advisory Board.

These include

- Improved access between Mexborough town centre and the rail station and Doncaster college and the rail station
- Connecting outlying settlements to the growing economic opportunity by providing a new connection into the iPort site from Rossington for buses and active travel modes and Thorne and Moorends to Unity by active travel modes
- Improving accessibility and connectivity by providing better walking and cycling routes in Armthorpe, Balby, Wheatley, Long Sandall and Edlington
- Improving accessibility and connectivity by providing better walking and cycling routes through Doncaster town centre, including St Mary's Gyratory, North Bridge Road, Cleveland Street and Bennetthorpe
- Connecting Maltby to the main urban centre of Rotherham with localised enhanced active travel routes within the corridor
- Active travel improvements along the A61 corridor in Barnsley
- New cycling route linking Barnsley town centre to the housing growth area in Darfield and on to the housing and employment growth area in Goldthorpe and the wider Dearne Valley
- Connecting the housing growth areas in Staincross and Royston to the urban centre of Barnsley by providing improvements for active travel modes
- Improving walking routes into Barnsley town centre from the Hospital, including along Huddersfield Road
- Providing better active travel routes to enable more walking and cycling into local town centres within the Dearne Valley
- Connecting the housing and employment growth area in the Dearne Valley to the local centre in Wath for active travel modes
- Providing better active travel routes to enable more walking and/or cycling through Rotherham town centre, including links to Forge Island
- A new high quality segregated cycle route along the A6178 Sheffield Road to help support active travel links between Rotherham, Meadowhall and Sheffield
- Promoting active travel for accessing employment opportunities in Sheffield City Centre, the Lower Don Valley (including AMID) and Rotherham (including from Attercliffe and Darnall, Kelham, Neepsend and Burngreave, and Nether Edge)



Development in the Next Five Years

In the next five years, we will work to undertake further design work on the remainder of a coherent active travel network such that the interventions required can be delivered in the latter part of the 2020s as our economic growth ambitions start to move at pace.

This process will involve a number of key steps, including:

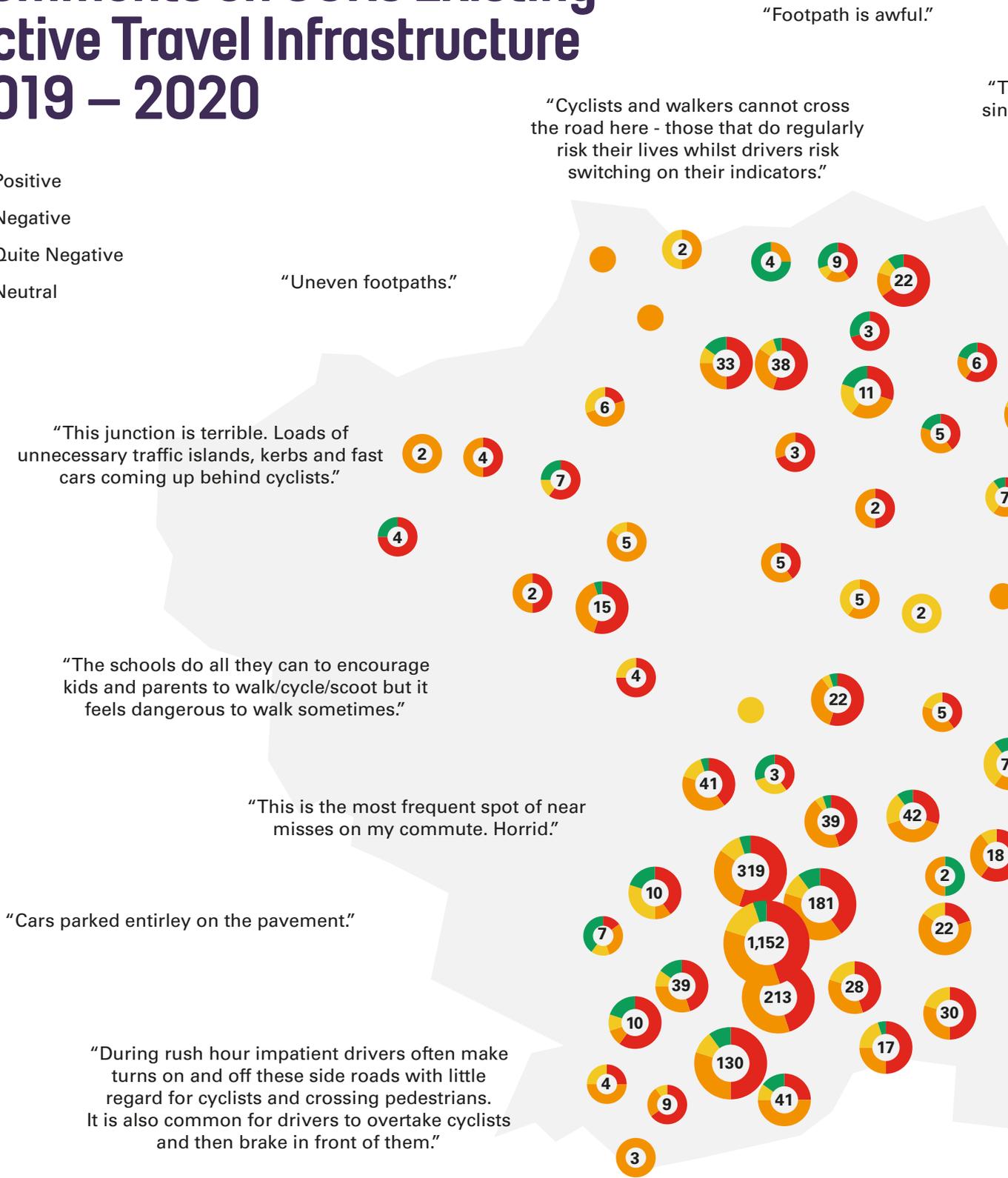
- Engaging with communities and key stakeholders
- Establishing and communicating the vision
- Building the evidence base – including using local information and experience
- Creating a monitoring and evaluation framework with key outcomes
- Identifying consistent funding streams
- Co-creating the interventions to enable behaviour change
- Identifying pilot places and communities
- Measuring success and learning lessons
- Embarking on a wider roll-out of interventions



MAP 1

Comments on SCRs Existing Active Travel Infrastructure 2019 – 2020

- Positive
- Negative
- Quite Negative
- Neutral



"This section has to be walked in single file as it is not wide enough to navigate otherwise."

"Whichever side you try to cross as a walker, you have to make a run for it as the traffic comes round the roundabout fast and doesn't see pedestrians until the last minute. The volume of traffic means standing for long periods waiting for a break in traffic and speed."

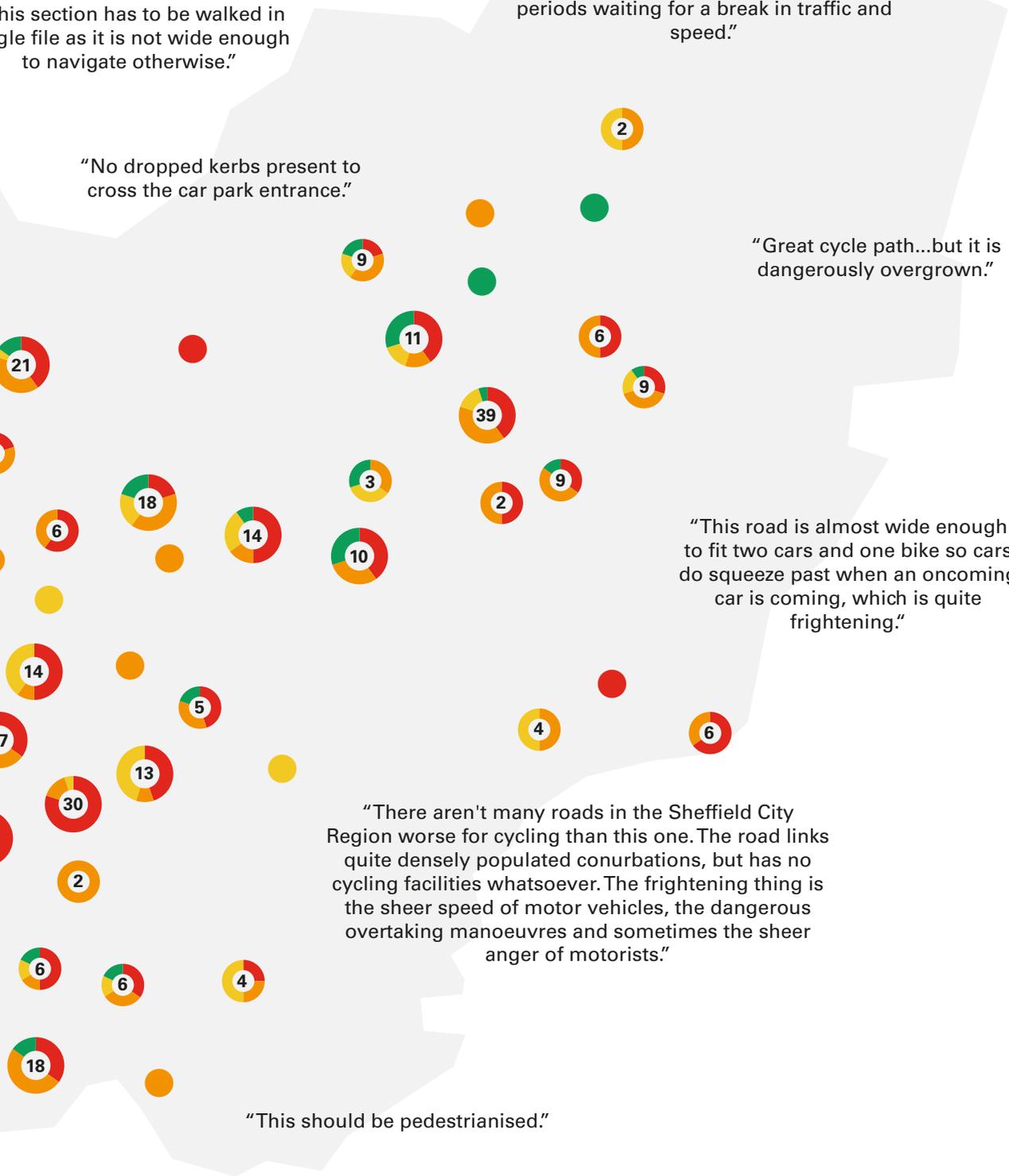
"No dropped kerbs present to cross the car park entrance."

"Great cycle path...but it is dangerously overgrown."

"This road is almost wide enough to fit two cars and one bike so cars do squeeze past when an oncoming car is coming, which is quite frightening."

"There aren't many roads in the Sheffield City Region worse for cycling than this one. The road links quite densely populated conurbations, but has no cycling facilities whatsoever. The frightening thing is the sheer speed of motor vehicles, the dangerous overtaking manoeuvres and sometimes the sheer anger of motorists."

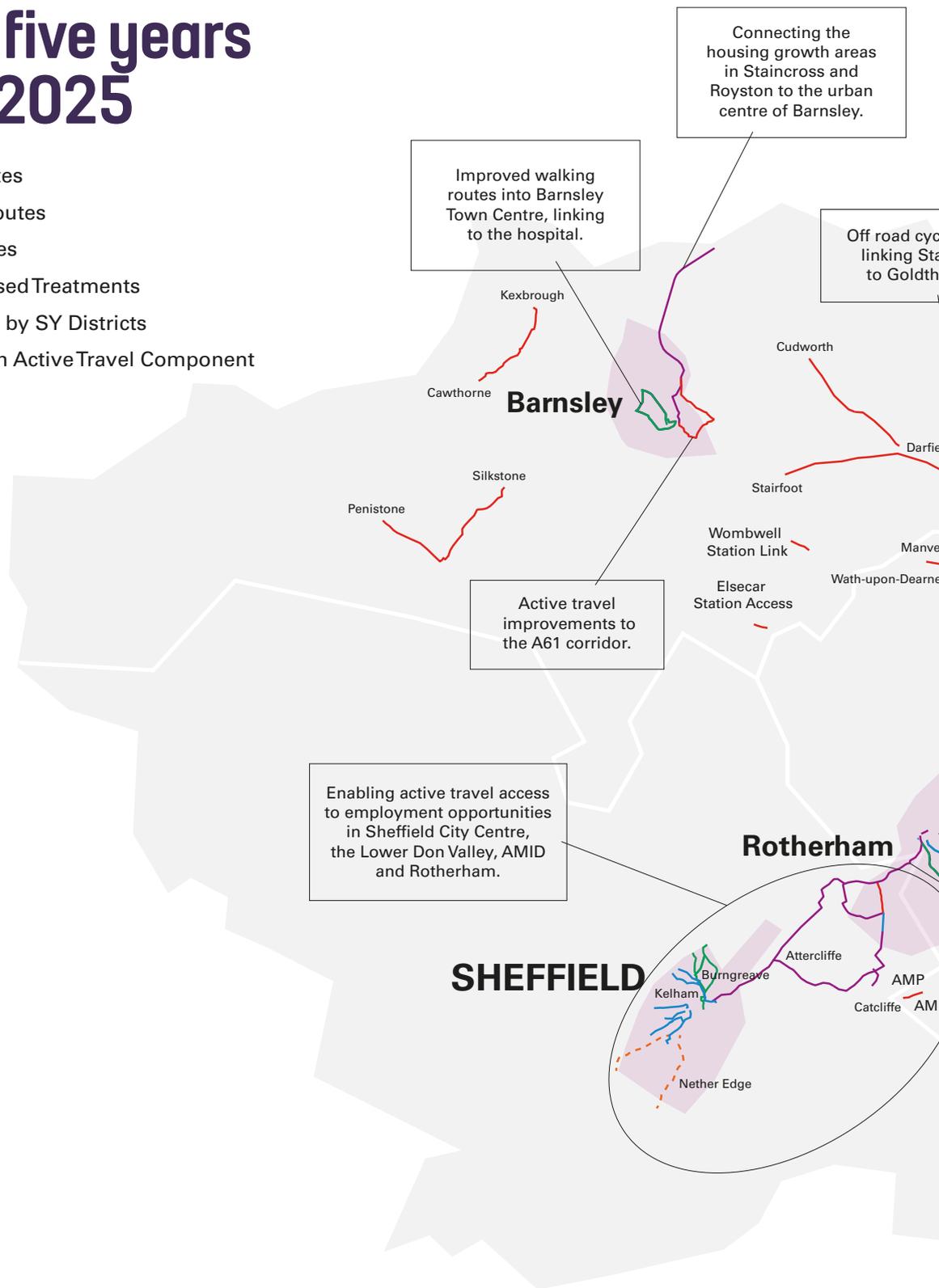
"This should be pedestrianised."

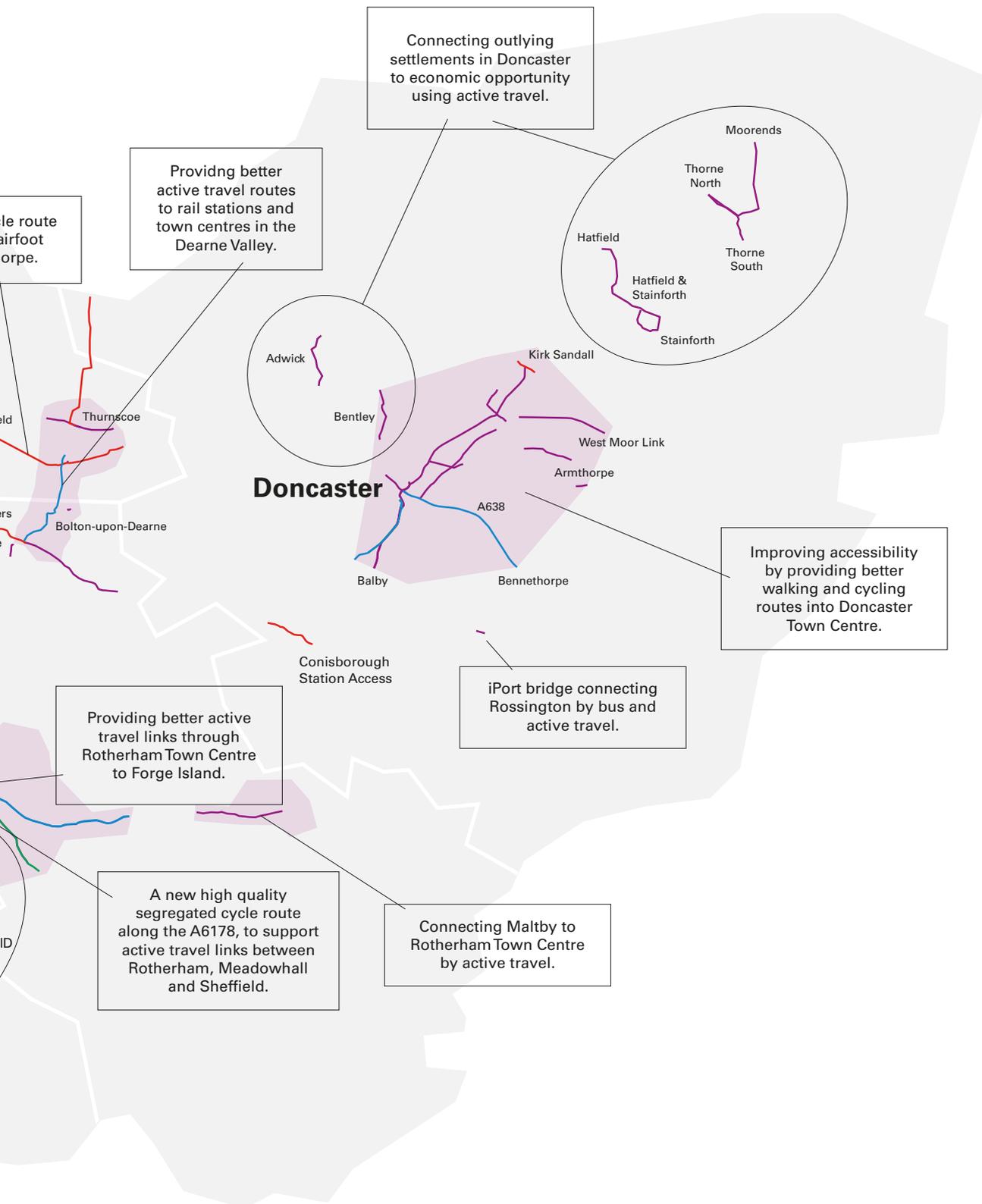


MAP 2

Business cases in the next five years 2020 – 2025

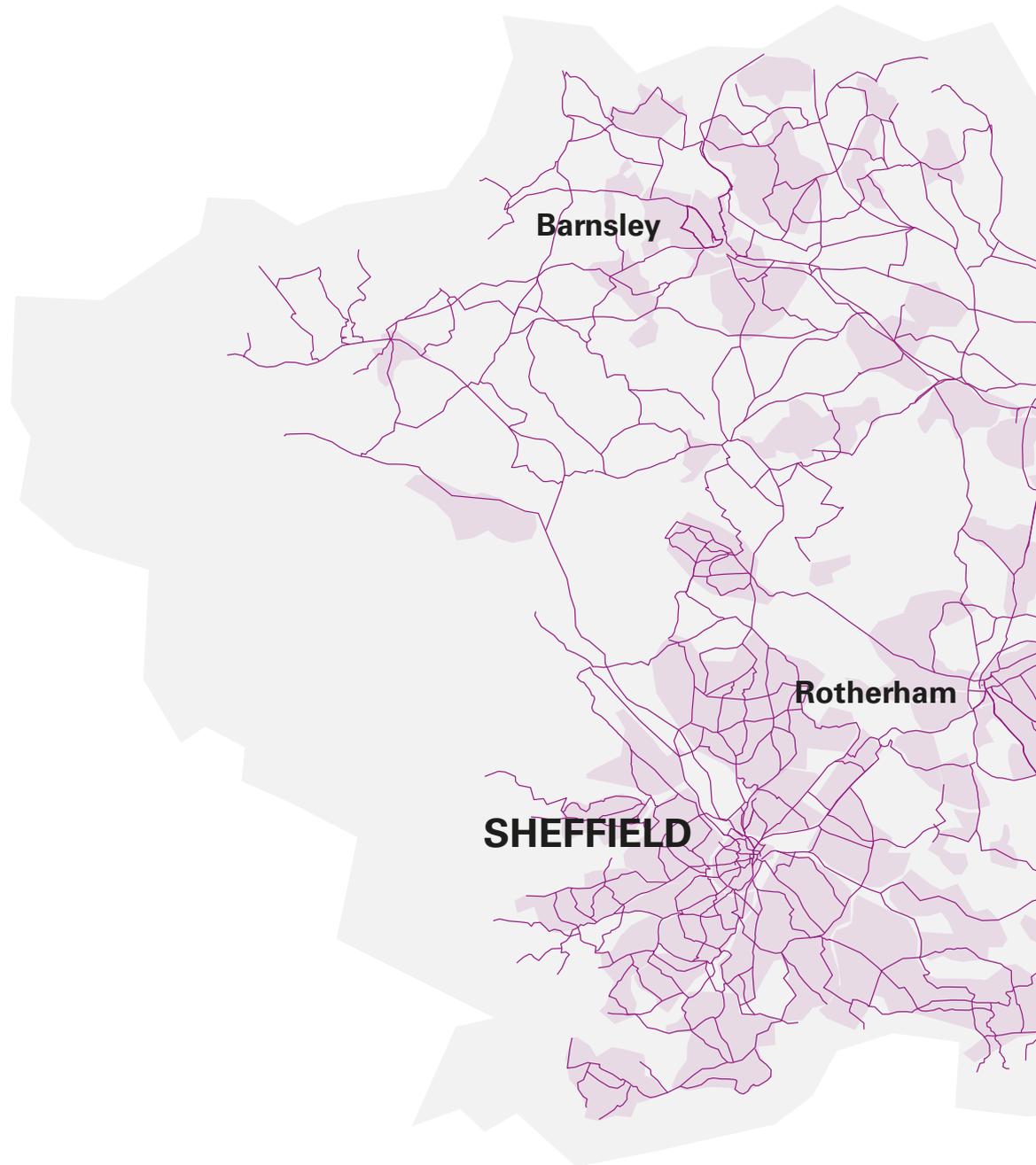
- LCWIP Cycle Routes
- LCWIP Walking Routes
- TCF2 Scheme Lines
- Zones For Prioritised Treatments
- Prioritised Routes by SY Districts
- - TCF2 Scheme with Active Travel Component

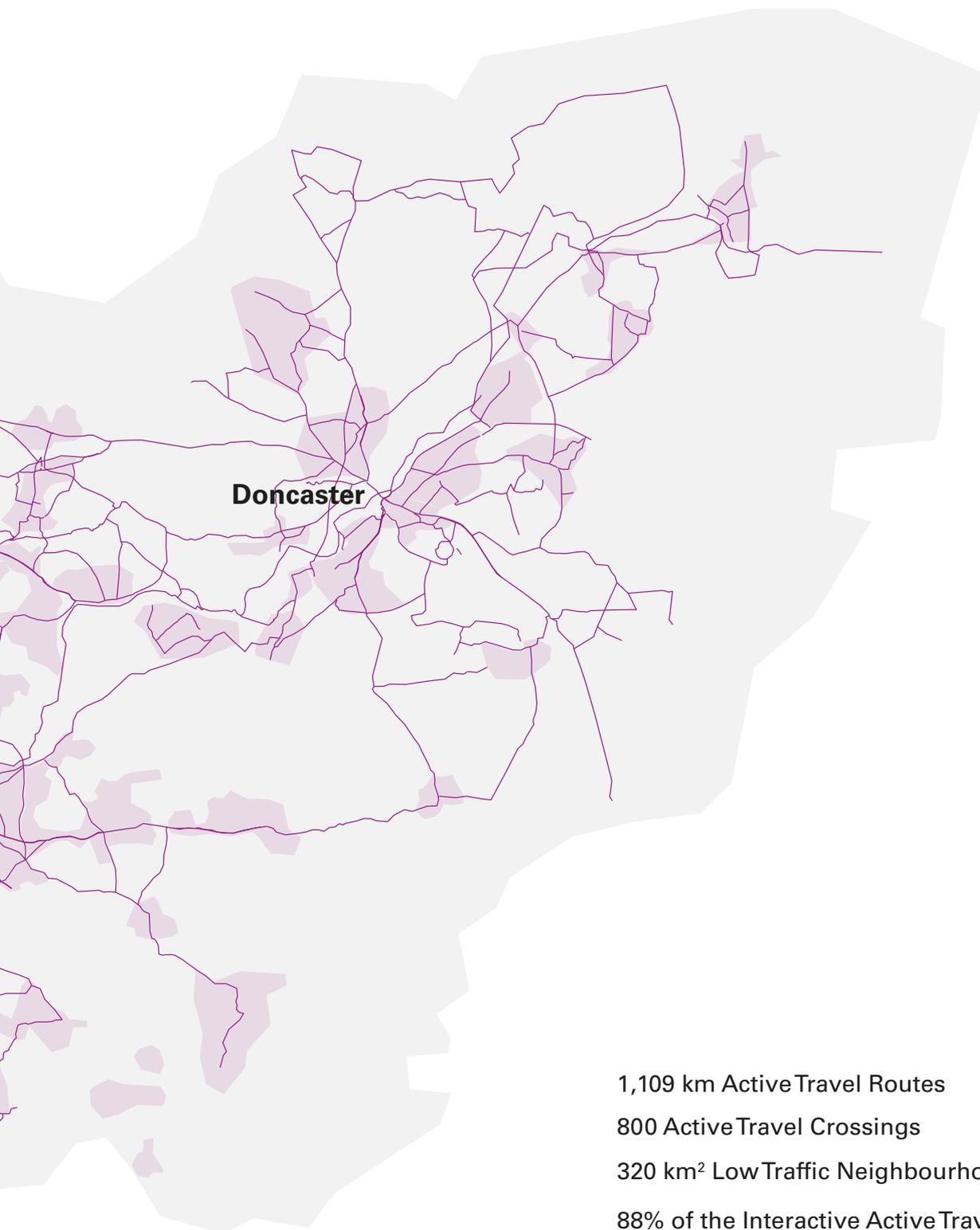




MAP 3

2040 Active Travel Network





1,109 km Active Travel Routes

800 Active Travel Crossings

320 km² Low Traffic Neighbourhoods

88% of the Interactive Active Travel
Map comments are captured by
the 2040 network.

Infrastructure Guidelines

Over the last ten years, the standards of cycling infrastructure have changed markedly, and there are more changes due soon from national government and other key cities. Walking infrastructure is changing particularly with the increasing focus on placemaking, and our expectations are that all active travel infrastructure will continue to change in the coming years.

This implementation plan does not include an active travel design manual, as this would take a long time and be out of date quickly. However, the current active travel infrastructure in Sheffield City Region has not resulted in many new people feeling confident cycling and walking.

With that in mind the Commissioner has outlined a series of guidelines and that our active infrastructure should:

1. Give active travellers confidence by separating them from traffic
2. Continue across junctions
3. Have sufficiently wide tracks and paths to include all active travellers
4. Be inclusive and accessible
5. Have legible routes with clear signage and wayfinding

Traffic volume and speed

The close proximity of fast-moving, or large volumes of vehicles is a deterrent to all active travellers. The first consideration that we would like all scheme designers to assess, is to look at the movement and place function of the location. Often this is considered by looking at the flow of people travelling and the speed limit and agreeing the type of infrastructure that is applicable. A crucial decision is where active travellers need to be segregated from vehicles, and where pedestrians and cyclists need to be separated.

Our start point is that roads with speeds above 30mph, with more than 250 vehicles per hour, or significant flows of large vehicles should segregate active travellers. Our key consideration is to both reduce the measurable road danger to as near zero as possible and give confidence by reducing the perceived danger. We also want to signal an end to painted cycle lanes and shared use footways, which have not proved successful in recruiting large numbers of new cyclists in the region.

Continuing at junctions

One of the main issues with current active travel provision is that it stops at each junction. The clearest and most obvious instances are at side roads, and this continual interruption of the journey, particularly for cyclists, removes most of the advantage that cycling gives. We would like all of our active travel routes to continue across junctions in a straight line and that those travelling straight on should retain priority over turning vehicles. We are working closely with the Commissioner's team in Greater Manchester on the trial and implementation of side road zebras. We would prefer nearly all of our pedestrian crossings to cross in a single phase, without having to wait in the middle of a road, with a minimal wait time after pressing the button.

Width of active travel lanes

The commissioner is committed to making all of our active travel infrastructure accessible and inclusive. This means that 3 and 4 wheeled cycles and mobility aids will be accommodated (including freight carrying bikes), and in most cases this would require a 2m wide lane, clear of street furniture. Where bi-directional wheeled and cycle traffic is being planned, this would require a 3m wide lane. One of the key issues is where these standards would be excepted, for instance where there is a narrow pinch point caused by a bridge or other physical obstacle. If a pinch point is not navigable for any of our users it usually makes the whole journey impossible, and we will press hard for a solution or at least a short diversion.

Inclusive and accessible

We would like everyone to have the confidence to use active travel routes. We want to be clear that wheelchair users, those using mobility aids or being accompanied, and that those with impairments are included. We have already outlined the minimum widths for infrastructure, but this extends to access barriers, and vehicles parked on active travel tracks and paths. Inclusivity includes parents with pushchairs and all groups in our society feeling safe. Partly this comes from having considerate travellers, but this also extends to policing, having enforceable regulations and creating well lit and observed routes where possible. We expect our active travel routes to include places to rest and park a cycle at key locations and along the way.

Route legibility

The first place for route legibility is the surface. Many of the guidelines above will create much clearer and more legible routes - where possible we envisage that routes will be self-indicating. In some cases, this is through the surface treatment and the use of markings, as we do not want to add to street furniture with a large number of signs. We will work with partners on a wayfinding strategy so that our new network shows the connections to key destinations.

Finalising Guidelines

The guidelines are on the workplan for the Active Travel Programme Board, and a set of draft guidelines has already been edited by the Active Travel Advisory Board. A key part of this work is for the technical experts in each of the four partner authorities to agree these guidelines and have a process for agreeing exceptions with the programme. These exceptions are a key part of the process, because in some cases the route will have physical constraints or land ownership issues which will require compromises.

4.0 Measuring Success



A key part of the origination of this active travel plan is the realisation that too many short trips are taken by car, and that neighbourhood walking and cycling should be the natural choice for those trips. Some of these data come from the census, which is only measured every 10 years, and in general, the existing data on cycling and, in particular, walking is poor and patchy. Therefore, we will bring forward a far more detailed evaluation package, with the aim of producing an annual statement of active travel.

Logic map

Although active travel is part of the suite of implementation plans for the Mayor's Transport Vision, it is linked to a set of wider outcomes, particularly in health. We have produced a logic map for the programme, but we anticipate that the evaluation package will create a far more detailed analysis of outcomes and impacts. A key part of this is to develop our own criteria for assessing and developing the schemes contained in the 2040 map, as conventional transport economics have traditionally placed far too much emphasis on vehicle journey times, and struggle to accurately appraise active travel schemes.

Transport Vision

The Transport Strategy states that any interventions brought forward will be judged against the three goals set out previously and the success criteria that flow from them, as shown below.

Goal	Success Criteria (by 2040)
Residents and businesses connected to economic opportunity	<ul style="list-style-type: none"> a) Contribute towards increasing GVA in SCR through increasing the number of economically active people living within 30 minutes of key employment locations and universities by public transport b) Better frequency of rail service between Sheffield and Manchester/Leeds - at least four fast trains per hour, with a target 30 minute journey time to/from both and a local rail network that meets the agreed minimum standards
A cleaner and greener Sheffield City Region	<ul style="list-style-type: none"> c) Increase productivity through reducing delays on our transport network d) Increase trips by 18% bus, 100% rail, 47% tram, 21% walking and 350% cycling and manage the increase in private car/van/goods trips to 8% e) 95% public opinion that our local transport choices feel safe
Safe, reliable and accessible transport network	<ul style="list-style-type: none"> f) Reduction in reported casualties of 4% per year g) Eliminate AQMAs in our City Region and comply with legal thresholds to achieve compliance in the shortest possible time h) Reduce tailpipe carbon emissions in line with targets for the UK and have a zero-carbon public transport network by 2040

This Plan aims to improve conditions for growth, help to create and attract businesses, improve access to talent and a wider range of employment opportunities. SCR businesses will be able to draw on a wider labour pool when recruiting, leading to more efficient matching of labour demand and supply, and SCR residents' will be able to access employment opportunities in labour markets more readily.

As part of the development of a SCR-wide active travel network, we will be developing an accompanying evaluation process whereby we will monitor the effectiveness of the proposals and their wider impacts, linked to criteria d), f) and g) above, as well as some of the wider benefits of active travel to public health that were described previously.

Transforming Cities Fund

In the short term, the TCF programme will be subject to a programme of before and after monitoring and evaluation, in line with the SCR's agreed Assurance Framework and a framework for the overall TCF programme evaluation that is being developed by the DfT. This will ensure the benefits of the investment are fully realised and the programmes value for money in terms of delivering economic growth and quality of life outcomes for the SCR can be demonstrated.

The TCF programme objectives have been used to develop the desired outputs, outcomes and impacts for the programme and the individual interventions – these desired outputs, outcomes and impacts are the actual benefits that are expected to be derived from the programme. In this case, a "benefit" is an outcome of change that is measurably positive..

The desired outcomes include more walking and cycling journeys across the SCR, increased public transport patronage, reduced car commuting and improved air quality. The corresponding desired impacts are supporting inclusive growth, enhanced opportunities to access new employment sites, creating healthy streets where people feel safe, and improving the quality of our outdoors. Indicators for measuring these outcomes and impacts of the TCF programme have also been defined.

At an individual project level, the key indicators of the success of active travel interventions will be measured using a number of key metrics:

- Number of people using new and improved walking and cycle facilities
- Attitudes to walking and cycling
- Bus Patronage (by service)
- Passenger Satisfaction (with infrastructure and services)
- Number of people using park and ride facilities
- Tram Patronage (on services using new and improved park and ride facilities)
- Rail Patronage (on services using stations with improved facilities)
- Passenger Satisfaction (with infrastructure and services)
- Accessibility to Workplace and Jobs

Although the suggested metrics apply to the overall TCF programme across the SCR, they are also considered suitable for evaluating the individual packages of interventions that sit within it.

An annual monitoring summary for the overall TCF programme will be produced by SCR, whilst on completion of the TCF programme, a '1 year after' and '5 year after' evaluation report will be produced, recognising that the nature of TCF programme of interventions is such that some benefits (particularly impacts) will only occur over a much longer timescale, hence the move towards a longer terms evaluation process.

Benefits Realisation to 2040

Modelling active travel growth has proved notoriously difficult, one reason is that the underlying data is so patchy. Our plan grew from the Local Cycling and Walking Infrastructure Plan which is based on the DfT Cycling and Walking Investment Strategy (CWIS) which contains the following targets:

- to aim to double cycling, from 0.8 billion stages in 2013 to 1.6 billion stages in 2025
- to aim to increase walking activity, to 300 stages per person per year in 2025
- to increase the percentage of children aged 5 to 10 that usually walk to school from 49% in 2014 to 55% in 2025

The Transport Strategy (above) aims to increase cycling trips by 350% and walking by 21%

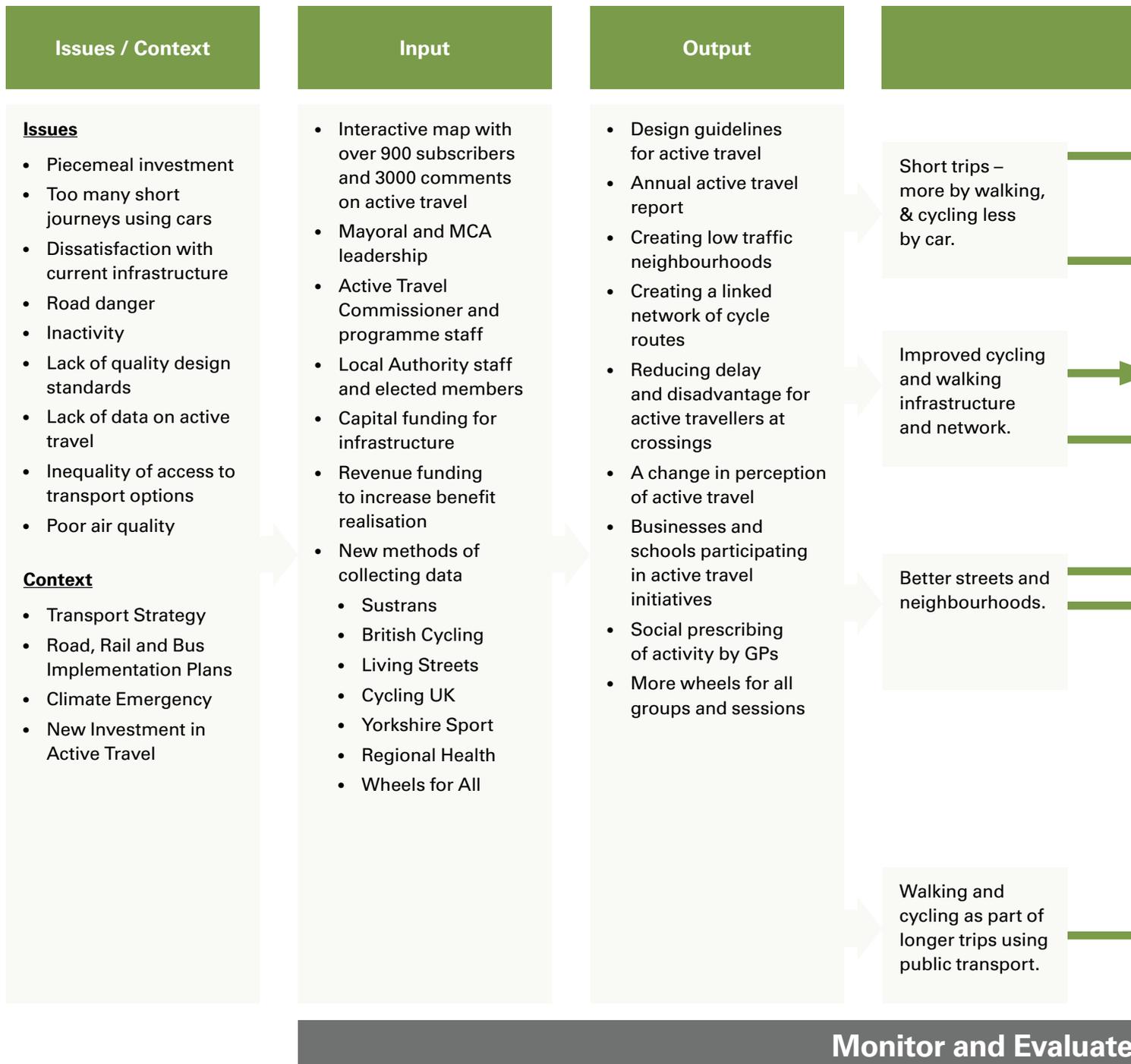
Our partner authorities have their own strategies and targets and they contributed the information in the 2025 and 2040 maps (Sheffield aims to increase cycling by 570% to 2035, and walking by 3%, from 2015 baseline).

Whilst we accept and intend to do our utmost to reach all the targets above, we will produce a more detailed benefits realisation strategy with its own targets and monitoring measures. This will be produced along with an annual statement on progress from active travel. This will contain output monitoring and, as they develop, outcomes monitoring.

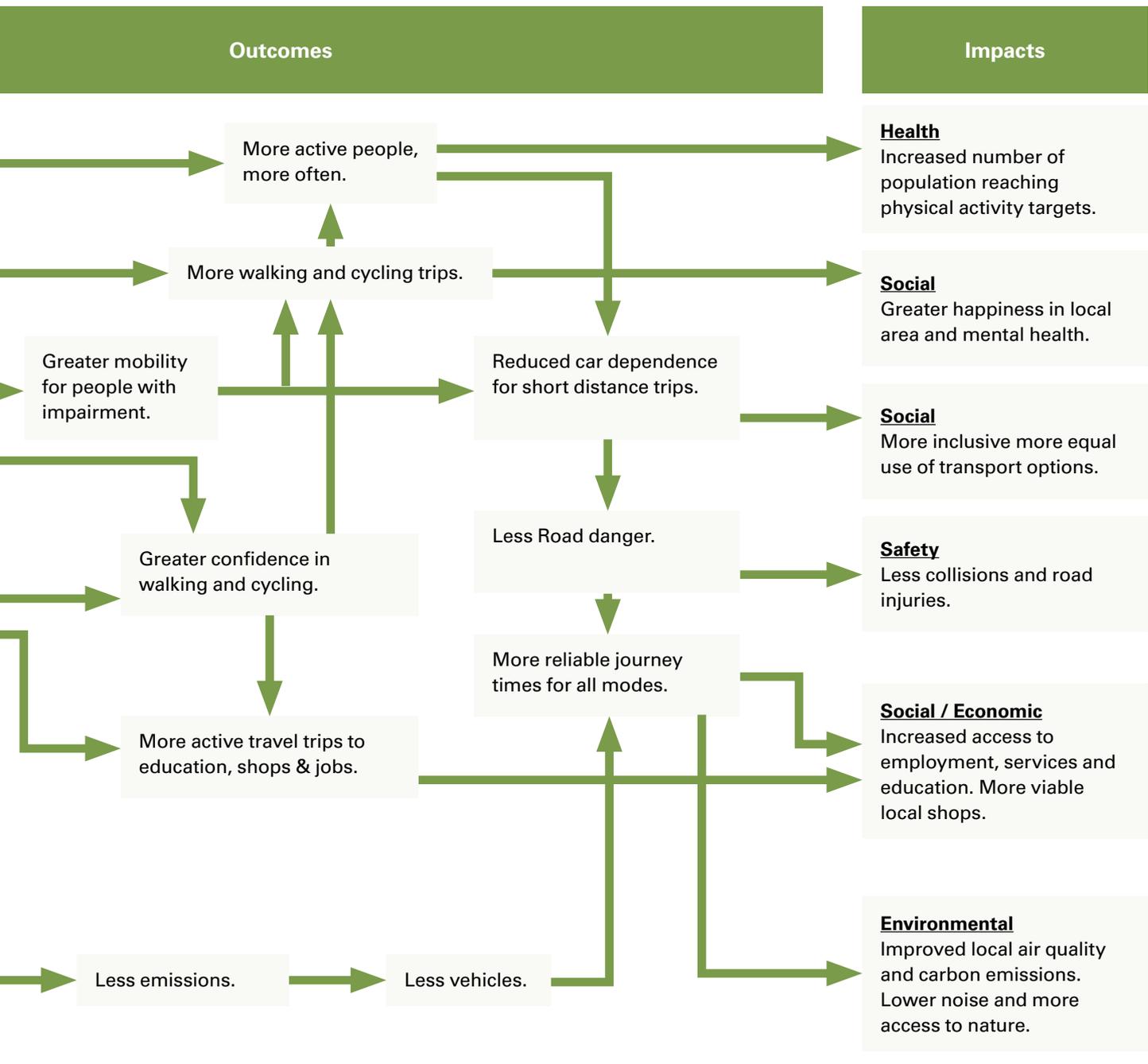
Beyond TCF

Securing continuous funding for active travel is a priority. To date, each tranche of funding released by Government (usually on a competitive basis) has its own aims, objectives, scheme appraisal process and therefore criteria for success. These different sources of funding cause local authorities to re-prioritise schemes, usually on short timescales, to build a package of measures to fit those specific criteria. Our Active Travel Plan (and LCWIP process) demonstrates a long term vision for walking and cycling. We intend to use our own evidence base to take the 2040 network map and create a prioritised list of routes and low traffic neighbourhoods for implementation as funding becomes available. A key part of this process will be the development of an evaluation package, which will form the basis of scheme appraisal, business case development and therefore prioritisation. Once this is in place we will annually report on progress, both in outputs and measurable outcomes, the most important of which will be increasing the number of people walking and cycling.

Sheffield City Region – Active Travel



Implementation Plan Logic Map



Inputs, outputs, outcomes and impacts

By developing a comprehensive active travel network, we will put walkers and cyclist at the heart of our transport plans, recognising the climate emergency that has been declared and improving the health and wellbeing of all of those across the City Region.

Mayor Dan Jarvis MBE MP
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Publication Date: March 2020

Sheffield
City Region

Section 1 – Initial Screening

a	Name proposal. <i>If a policy, list any associated policies</i>	Active Travel Implementation Plan
b	Type of proposal:	Implementation Plan
c	Name of department:	Transport
d	Lead Officer:	Mark Lynam
e	Date of EIA:	28/04/20
f	Names of those involved in the EIA (Should include at least two other people):	Jenny Holmes, Pete Zanzottera

g. Summary of the aims and objectives of the proposal – if this is an existing policy please state the current aims and objectives.

The Active Travel Implementation Plan (ATIP) sets out the priorities for investment in active travel between now and 2040. In delivering the full plan the region aims to deliver an increase in walking and cycling across the region and to realise additional benefits in the form of improved health and a contribution to reducing air pollution.

h. What are the proposed changes (if an existing policy/funding activity/event)?

The ATIP shifts from passive language used in previous plans and strategies and adopts a more proactive approach to project delivery. The ATIP sets out to enable more people to cycle and walk (including those who use mobility aids and adapted cycles). The ATIP also commits to providing accessible infrastructure to a high standard of design. This will enable anyone who would like to, the opportunity to use infrastructure provided as part of this plan.

i. Why is this being proposed (eg, policy, deliverables, changes to systems/processes)?

The ATIP is being proposed as a means of delivering the walking and cycling elements of the SCR Transport Strategy. The Implementation Plan contains the locations and interventions required to achieve a 350% increase in cycling and 21% increase in walking, the two measures of success outlined in the Transport Strategy. Active Travel has its own Programme Board, and the Commissioner has an Advisory Board who will oversee programme delivery, through MCA governance processes.

j. What equality information is available? Include any engagement undertaken and identify any information gaps you are aware of.

The development of the ATIP has been undertaken in partnership with Local Authority Leaders, Public Health and Transport Managers. Engagement with highways planners has also taken place to discuss the design standards and to try and embed new ways of thinking about accessibility planning. Health analysis has included looking at Superoutput data. Engagement with external organisations who work in sustainable travel has been undertaken and the Active Travel Advisory Board, which includes representatives from health, active travel and education have also shaped the development of this plan.

Public consultation has been undertaken on the current state of active travel infrastructure available for use across the region. This feedback has been incorporated in the plan and forms the baseline for future interventions. The plan covers capital and revenue activities with the intention that there will be more targeting revenue activities to support communities to participate in active travel and in future years co design low traffic neighbourhoods.

k. What are the arrangements for monitoring and reviewing the actual impact of the proposal?

The plan includes a logic map which outlines the outputs, outcomes and impacts of the programme. However, the Active Travel Commissioner will oversee the procurement of a monitoring and evaluation package from an external contractor. This will include annual statements of outputs and analysis of the impact.

l. Will this proposal affect people with protected characteristics and, if so, in which group?

Characteristic	Impact Level	State any evidence you have, and explain what you feel the impact may be
Age	Positive	Evidence shows that older people and women are dissuaded from cycling due to safety concerns. The provision of segregated cycling infrastructure could offer reassurance around the safety of taking up cycling, by offering protection from traffic. Similarly, parents of young children may feel more confident cycling with their children if they can do so away from traffic.

Disability	Positive	One of the Commissioners pledges is to provide accessible infrastructure that enables people with disabilities to also engage in active travel. The current active travel network does not provide a consistent offer when it comes to infrastructure. This restricts the access to large parts of the network for people living with a disability. Delivery of the ATIP will lead to a more inclusive active travel network.
Gender reassignment	None	Click or tap here to enter text.
Marriage/Civil Partnership	None	Click or tap here to enter text.
Pregnancy/Maternity	Positive	The impact of air pollution (PMs and NO ₂) on human health is profound. These pollutants have a negative impact on children in the womb as well as the mother. By creating low traffic neighbourhoods as proposed in the ATIP this will create spaces that reduce direct exposure to pollutants from vehicles.
Race	None	Click or tap here to enter text.
Religion/Belief	None	Click or tap here to enter text.
Sex	None	Currently there is a gender imbalance in active travel, however the plan is designed to broaden access and improve safety

		which has proven to improve the gender balance.
Sexual Orientation	None	Click or tap here to enter text.

m. Is a full EIA required?	No - there are no foreseen negative impacts - GO TO SECTION 4
-----------------------------------	---

EIA Summary – please provide a summary of the outcome here:

Click or tap here to enter text.

Level of negative impact (please tick one):	<input type="checkbox"/> High	<input type="checkbox"/> Medium	<input type="checkbox"/> Low
--	-------------------------------	---------------------------------	------------------------------

Lead Officer Name: _____

Lead Office Signature: _____

Date: _____

1st June 2020

ASSURANCE FRAMEWORK

Purpose of Report

Each year the Sheffield City Region (SCR) LEP and MCA is required to update and publish its Assurance Framework to ensure that robust, transparent and effective governance arrangements are in place. The draft Assurance Framework 2020 has been further revised to incorporate the additional requirements in readiness for devolution. This paper seeks endorsement of the draft Assurance Framework so that it can be submitted to Government for approval as part of the devolution readiness conditions.

Thematic Priority

The Assurance Framework underpins all six thematic priorities of Sheffield City Region's Strategic Economic Plan (SEP) by defining the key processes and policies that SCR LEP and MCA will use in administering public funds.

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

Under the Freedom of Information Act this paper and its appendices will be made available under the SCR Publication Scheme.

Recommendations

That the MCA:

1. Notes, at section 2.3, the key amendments to the Assurance Framework including the early release of funding to aid capital scheme development.
2. Considers and endorses the updated Assurance Framework set out at Appendix 1, pending any amendments required by the MCA and gives consent for it to be submitted to Government for approval.
3. Gives delegation to the SCR Chief Executive in consultation with the Mayor, to agree any final changes required by Government for them to approve and sign-off the SCR Assurance Framework.

1. Introduction

- 1.1 Each year the Sheffield City Region (SCR) LEP and MCA are required by Government to update and publish its Assurance Framework by the 31st March. The Assurance Framework sets out how the SCR will use public money responsibly, make robust decisions, achieve best value for money and act in an open and transparent manner. It explains the SCR structures and Boards that make decisions, outlines the policies and procedures that are in place to support decision-making and monitor delivery of LEP funded projects and schemes and how the SCR LEP and MCA will publish information.

- 1.2 The Government requires Mayoral Combined Authorities (MCAs) with devolution deals to specify in their Assurance Framework how all devolved monies and powers, including Gainshare, Transforming Cities Fund, LGF and the Adult Education Budget (AEB) will be administered. The Government must also approve the Assurance Frameworks of all MCAs with devolution deals.

2. Proposal and justification

- 2.1 SCR LEP and MCA were required by Government to publish an updated Assurance Framework by 31st March 2020 in accordance with the 2018 LEP Review (Strengthened Local Enterprise Partnerships) and the National Local Growth Assurance Framework guidance (issued in January 2019). The draft Assurance Framework 2020 was approved by the LEP Board on 5th March 2020 and this was published in draft form on the SCR website. It was also submitted to MHCLG in April to seek their feedback on changes required to satisfy the devolution readiness conditions.

- 2.2 As advised to the LEP Board on 5th March, the draft 2020 Assurance Framework has now been revised to outline the governance arrangements and processes that will be used to manage the Single Pot allocation and Adult Education Budget (AEB). The draft Assurance Framework 2020 is included at Appendix A.

2.3 Key Amendments to the Assurance Framework

Decision-Making on all Devolved Monies – A summary of the different funding streams and programmes that the Mayor and MCA are accountable for under the Single Pot allocation is included in Appendix 1 - *Section 2: About the Sheffield City Region. Section 5: Robust and Transparent Decision-Making* confirms the process that is in place for making decisions on how these different monies are invested.

Additional Boards and Panels – The MCA is required to form a Joint Assets Board and establish a Remuneration Panel for setting the salary of the Mayor and Deputy Mayor. These are outlined in *Section 3: Structures and Roles*.

Voting Rights - *Section 3: Structures and Roles* has been amended to incorporate voting decisions on the Mayor's spending plans and strategies and the Spatial Framework and the basis on which proposals are approved or rejected.

Mayoral and MCA Budget Setting - *Section 5: Robust and Transparent Decision-Making* has been amended to outline the process for how and when the Mayoral Budget and MCA budget will be drafted, finalised and approved each year.

Early Release of Funding – to aid the development and timely progress of quality capital schemes *Section 5: Robust and Transparent Decision-Making* proposes that a proportion of the total project costs is released at either Strategic Outline Case (SOC) and/or Outline Business Case (OBC) approval stage.

Adult Education Budget (AEB) – The procurement and approval process for investing AEB is included in *Section 5: Robust and Transparent Decision-Making*. Annual reports to

Government on AEB delivery and local impact and additional monitoring and evaluation of AEB investment is detailed in *Section 7: Measuring Performance and Success*.

Other minor changes include:

- Reference to the Devolution Agreement and Single Pot Settlement Letter sitting alongside the Assurance Framework, MCA Constitution and LEP Terms of Reference; and
- Information on a new Investment Plan and suite of Delivery Plans that sit beneath it which outline how the devolved budget will be spent.

2.4 The draft Assurance Framework 2020 must be submitted to Government for approval before the Order is laid before Parliament.

2.5 LEP Policies

National Assurance Framework guidance requires the LEP to have in place and publish a number of policies. This includes:

- Code of Conduct
- Complaints Policy
- Confidential Complaints Policy
- Diversity Policy
- Declaration/Conflicts of Interests Policy
- Expenses Policy
- Gifts and Hospitality Policy
- Whistleblowing

These policies have been in place since 2017 and are reviewed on an annual basis to ensure they meet the requirements of any new guidance and to reflect any changes made to the SCR Assurance Framework. The review has identified that no significant or fundamental changes are required this year. Amended policies took effect from 1st April.

Terms of Reference

The Terms of Reference for the LEP have also been reviewed and now include a reference to an Annual General Meeting (AGM) taking place in public as required by national guidance. The Terms of Reference are also published on the SCR website.

3. Consideration of alternative approaches

3.1 Failure to update, endorse and submit the SCR Assurance Framework for Government approval would risk the SCR being non-compliant with national standards on governance and transparency, and not fulfilling the readiness conditions for devolution.

4. Implications

4.1 Financial

The SCR MCA and LEP are required to demonstrate compliance with national guidance in order to receive devolved and core funding including the LGF allocated to the LEP by Government.

4.2 Legal

The Assurance Framework outlines the legal duties of the MCA as the Accountable body for the LEP and the policies and procedures that are in place to ensure that the MCA and LEP make decisions in a legally compliant, robust and transparent manner. 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 (*Appendix 1 – Section 4: Accountability for Decisions and Public Funds*).

4.3 Risk Management

The Assurance Framework specifies the processes and procedures that the SCR has in place to manage. These processes are in accordance with HM Treasury's Orange Book principle and include the Strategic Risk Management Framework, the SCR Risk Register and quarterly monitoring of projects and programmes (*Appendix 1 – Section 4: Accountability for Decisions and Public Funds*).

4.4 Equality, Diversity and Social Inclusion

The LEP is required to demonstrate its approach to equality and diversity in terms of the composition of the LEP Board and its Equality and Diversity policy. The Assurance Framework outlines the LEP's commitment to equality and diversity and current gender composition of the LEP Board (*Appendix 1 – Section 3: Structures and Roles*). The LEP Diversity Policy is also referenced.

5. Communications

- 5.1** The MCA and LEP are obliged to publish information on the decisions that are being made, particularly on investments, in an open and transparent way. The SCR has always taken the approach of publishing as much information as possible on the SCR website so that it is accessible.

Appendix 1 – Section 8: Publishing Information outlines how the general public can access information that the SCR holds, the range of information that can be accessed through the SCR website, the Forward Plan of Key Decisions, meeting papers and financial and project performance information.

The Assurance Framework 2020 will be published on the SCR website following Government approval.

6. Appendices/Annexes

- 6.1** Appendix 1 - Sheffield City Region Assurance Framework 2020

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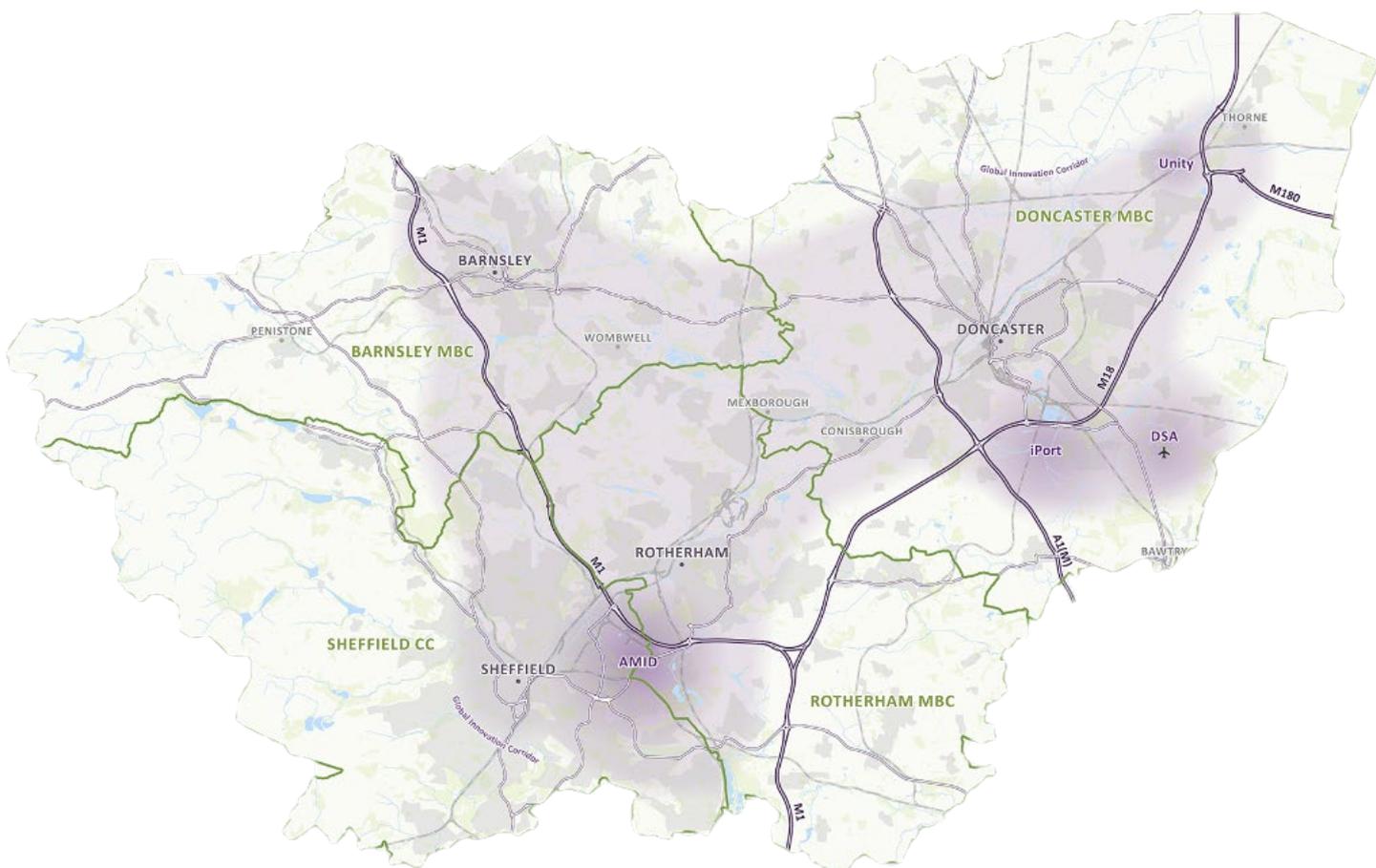
Telephone 0114 220 3442

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:

Sheffield City Region

Assurance Framework



2020

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Version Control

V1	First draft	L Whitaker
V2	AEB incorporated and amendments from SCR Monitoring Officer	J Mullis, S Davenport
V3	Advised amendments from MHCLG, DfT and DfE	L Whitaker
V4	Voting rights text amended, JAB text removed and devolution deal wording tweaked	F Boden
V5	With SD comments	F Boden

1. Introduction

Purpose of the Assurance Framework

- 1.1 The aim of this document is to set out how the Sheffield City Region (SCR) will use public money responsibly, both openly and transparently, and achieve best value for money. This document outlines:
- The respective roles and responsibilities of the Mayoral Combined Authority (MCA), the SCR Mayor, the Local Enterprise Partnership (LEP) and other elements of the decision-making and delivery structure;
 - The key processes for ensuring accountability, probity, transparency, legal compliance and value for money;
 - How potential investments will be appraised, prioritised, approved, and delivered; and
 - How the progress and impacts of these investments will be monitored and evaluated.
- 1.2 The Assurance Framework sits alongside several key SCR governance and policy documents – most notably the Devolution Agreement and Settlement Letter, the MCA Constitution, the LEP Terms of Reference, the Financial Regulations, the Strategic Economic Plan (SEP), Investment Plan and Monitoring and Evaluation Framework.
- 1.3 The Assurance Framework has been developed in response to the National Local Growth Assurance Framework (January 2019), the Strengthened Local Enterprise Partnerships Report (July 2018), the LEP Governance and Transparency Best Practice Guide (January 2018) and the Ney Review (October 2017).
- 1.4 This Assurance Framework takes effect from **[INSERT DATE of Government approval and sign-off]**. The 2020 Assurance Framework applies to all new funding regimes, funding bids and projects from this date. For continuity purposes, some existing projects which are already part way through the 2019 Assurance Framework process, will conclude their approval through that route.

Updating the Assurance Framework

- 1.5 The SCR Assurance Framework is reviewed and updated at the end of each calendar year. The next annual review of this document is scheduled to commence in November 2020.
- 1.6 A draft of the Assurance Framework is presented to the MCA and LEP Boards to approve any changes. The Assurance Framework is then submitted to the Ministry of Housing, Communities and Local Government (MHCLG) and other Government Departments for approval, including the Department for Transport and Department for Education.

The Structure of this Document

- 1.7 The remainder of this document is structured into the following sections:
- **Section 2** describes the City Region, the funding devolved by Government and the plan for economic growth;
 - **Section 3** explains the structures, roles and responsibilities of the organisations that make up the SCR's decision-making bodies;
 - **Section 4** outlines the processes for ensuring openness and accountability for public funds;
 - **Section 5** describes how the LEP collaborates and engages with other LEPs, partners and the public;

- **Section 6** illustrates how decisions are made in a robust, evidenced and transparent manner;
- **Section 7** explains how projects are delivered and monitored and evaluated;
- **Section 8** outlines how information is published;
- **Appendix A** provides a summary of the policies that the LEP is governed by; and
- **Appendix B** is a joint statement from the LEP and MCA on their respective roles and responsibilities.

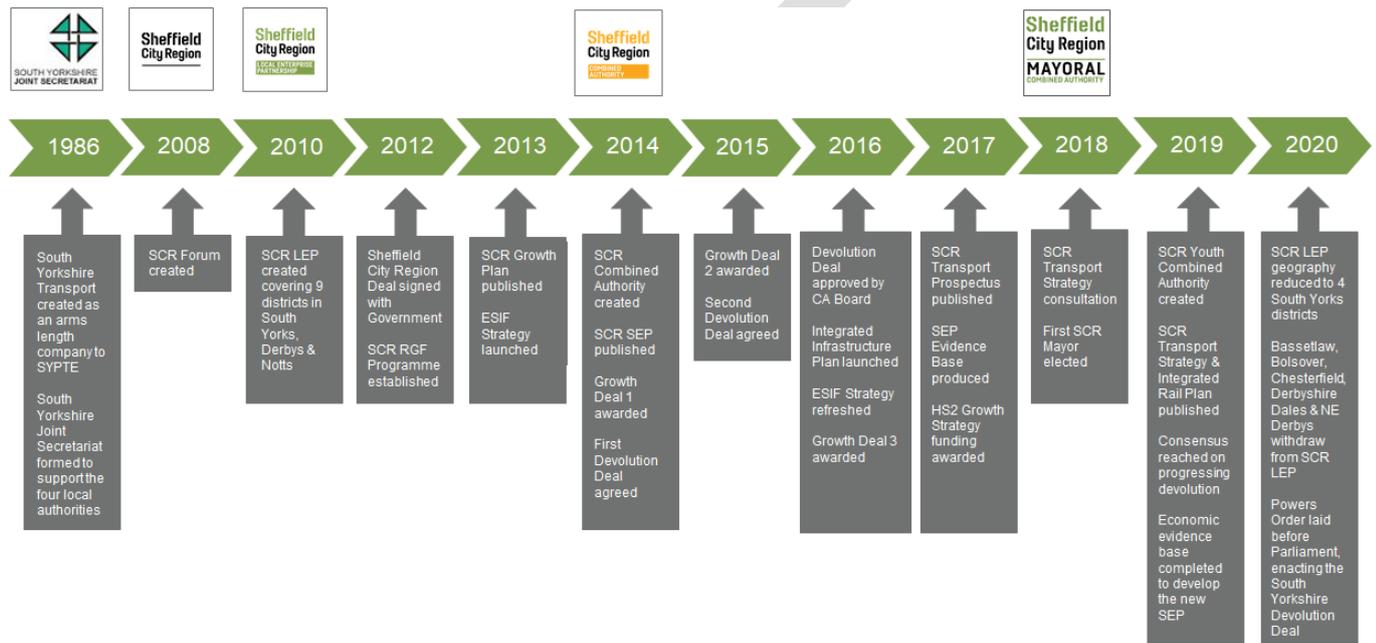
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2. About the Sheffield City Region

History

- 2.1 The Sheffield City Region (SCR) is at the heart of the UK and consists of the four local authority districts in South Yorkshire.
- 2.2 The concept of the Sheffield City Region dates back to 2008 when the SCR Forum was created. However, joint working across the South Yorkshire authorities significantly predates this, as shown in Figure 1 below.

Figure 1: Sheffield City Region Timeline



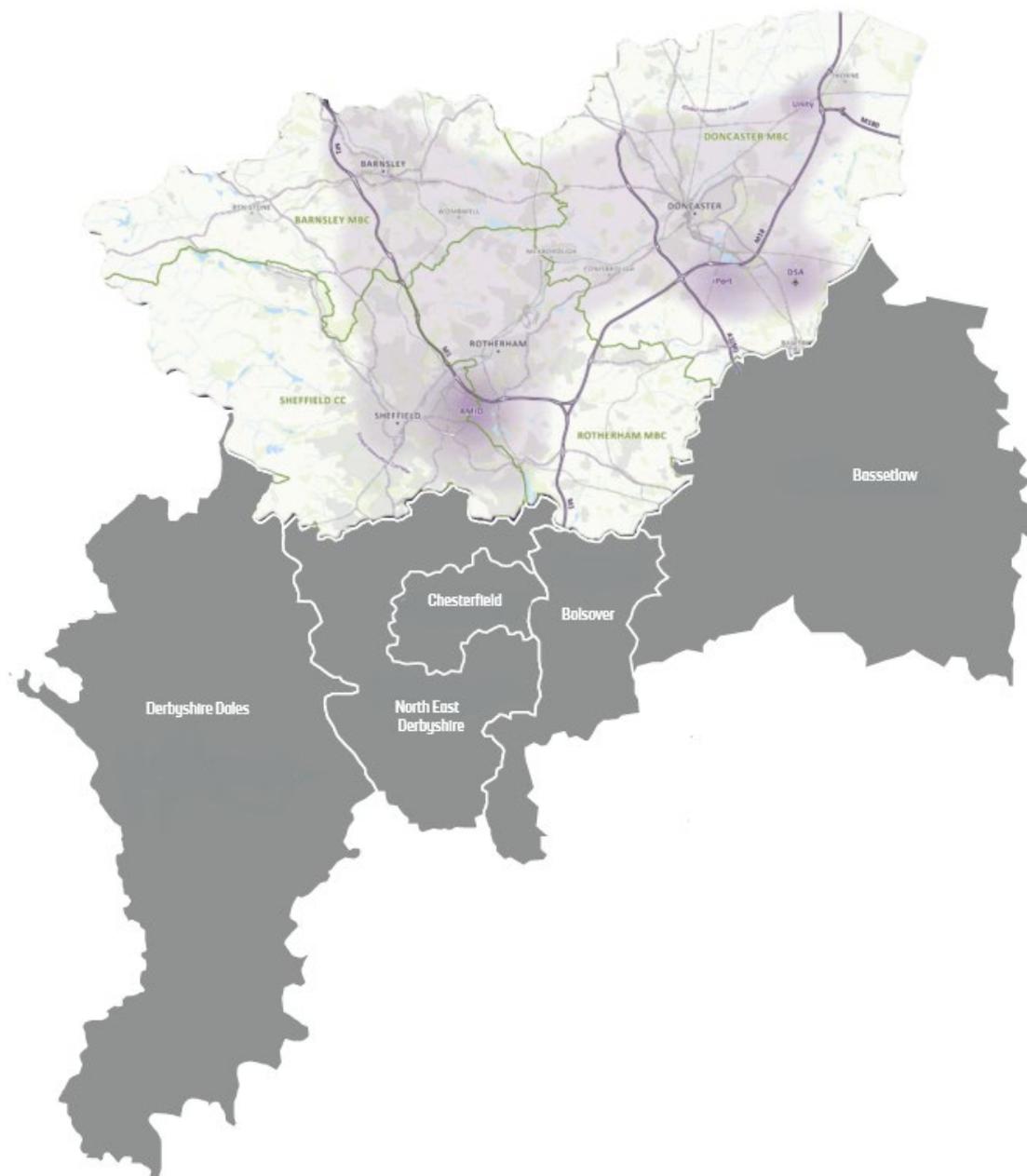
- 2.3 The SCR Forum evolved into the Local Enterprise Partnership (LEP) in 2010. This was followed by the formation of the Mayoral Combined Authority (MCA) on the 1st April 2014 and the election of the first SCR Mayor on the 4th May 2018.

Geography

- 2.4 Focused around the core city of Sheffield, the fifth largest city in England, the City Region is a polycentric economy with a series of linked but diverse communities, including the large urban centres of Barnsley, Doncaster and Rotherham, market towns such as Bawtry and Penistone, and rural areas including the Peak District National Park. This reflects an economic geography that is both complex and dynamic.
- 2.5 The MCA and LEP's boundaries are coterminous. The geography consists of the four local authority districts in South Yorkshire (Barnsley, Doncaster, Rotherham and Sheffield).
- 2.6 The wider functional economic area for the Sheffield City Region also covers five neighbouring districts in the D2N2 LEP area: Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire (Figure 2). Prior to 1 April 2020, these districts were full members of the Sheffield City Region LEP, when revisions to the LEP's geography were made to comply with the LEP Review recommendation on removing overlaps with other LEPs.

- 2.7 Whilst the five districts in Derbyshire and Nottinghamshire are no longer members of the Sheffield City Region LEP, they continue to be non-constituent members of the MCA in accordance with the 2014 Order¹ that created the MCA.

Figure 2: Map of the Sheffield City Region and the wider Functional Economic Area



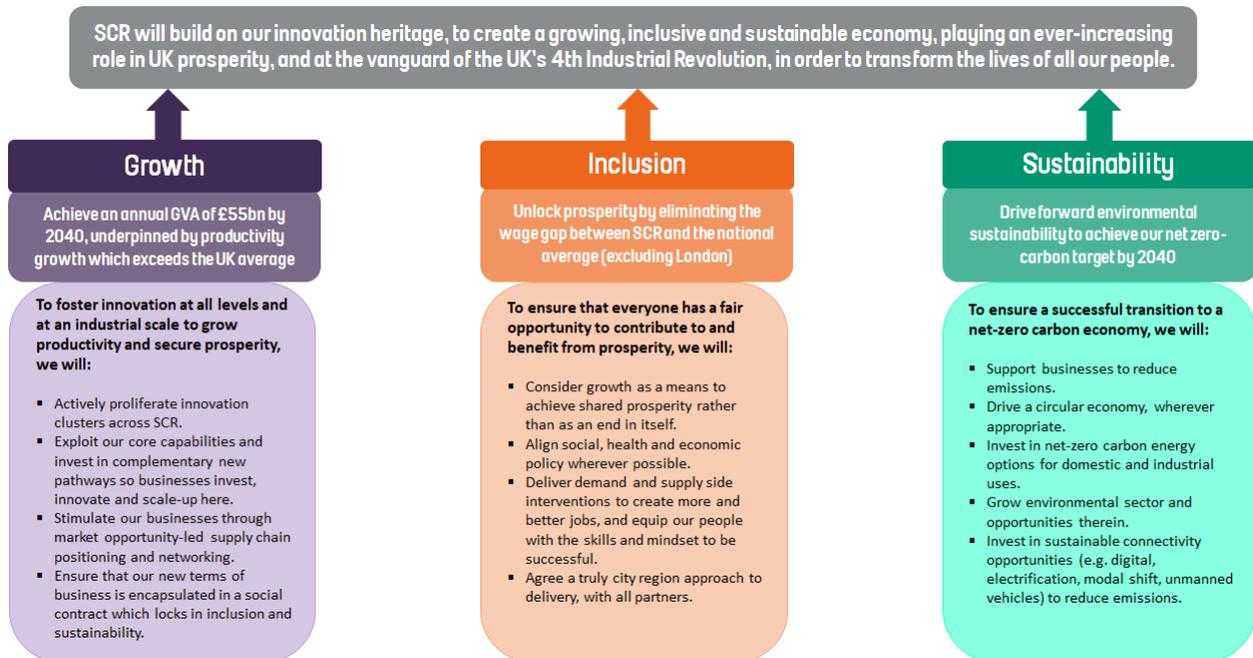
Plan for Economic Growth

- 2.8 In 2019, the LEP and SCR Mayor began work on developing a new SEP. The SEP is a twenty-year economic strategy which sets out the vision and policy objectives of the City Region focusing on growing the economy at pace, ensuring that all people and places have a fair opportunity to benefit from prosperity and protecting and enhancing our environment.

¹ [The Barnsley, Doncaster, Rotherham and Sheffield Combined Authority Order 2014](#)

2.9 The SEP is built on our evidence base and is the result of widespread consultation with business representatives and local industry leaders. The vision and policy objectives for future economic growth of the City Region, are set out in Figure 3 below.

Figure 3: Draft SCR Strategic Economic Plan 2020-2040



2.10 The process for producing the new SEP included:

- Evidence Gathering and Review** – this brought together the latest data and credible evidence on the performance of the local and wider UK economy and insights on skills attainment, innovation performance, inclusive growth and drivers of productivity. The data and information were presented in an Evidence Review document that was published in June 2019.
- Partner Engagement** - the Evidence Review was used to engage public, private and voluntary sector partners in identifying additional statistical and anecdotal evidence. Workshops were also held with the LEP Board and local authority partners to refine the focus of the SEP and achieve consensus on the priority themes and objectives.
- Consultation** - The draft SEP will be circulated for public consultation in [INSERT DATE] 2020. Responses from the consultation will be reviewed and a final draft will be presented to the LEP and MCA Boards for approval in [INSERT DATE] 2020.

2.11 The SEP is reviewed and updated on a regular basis to ensure a sound strategic basis for investment.

2.12 Together, with the SCR Investment Plan, the SEP sets the blueprint for how all devolved funding will be invested. All projects and schemes that are seeking investment from the MCA and LEP are assessed on how they will address the SEP objectives and priorities for economic growth, inclusion and sustainability, and how they will contribute to SEP targets for outputs and outcomes.

Devolved Powers and Funding

2.13 The South Yorkshire Devolution Deal provides the ability to establish a single pot of funding to invest in economic development. This consists of Growth Deal monies (Local Growth Fund), a consolidated transport budget, Adult Education Budget and Gainshare (grant-based investment funds) as detailed below.

Local Growth Fund (LGF)

2.14 In July 2014, the Sheffield City Region was awarded an LGF allocation of £295.2m through the Growth Deal to deliver the LEP's strategic priorities and objectives. This comprised of a range of funding streams including major scheme transport funding, skills capital funding and business investment funding. A further £30.7m was awarded in January 2015 and a third-round allocation in January 2017 of £37.8m; resulting in a total LGF allocation of £363.7m. The current LGF funding period ends on 31 March 2021.

Gainshare

2.15 The Gainshare funding allocation for South Yorkshire through the Devolution Deal is £30m per annum for a period of 30 years. This consists of 60% capital and 40% revenue funding and is to be invested in the delivery of the SCR's strategic and economic priorities.

Adult Education Budget (AEB)

2.16 From the 2021/22 academic year, the Sheffield City Region will assume responsibility for adult education budget (AEB). Devolution of AEB will support high quality adult education across the city-region. This equates to around £35m per annum.

Transport Settlement

2.17 The MCA will have control of the consolidated devolved capital transport budget. This consists of the Integrated Transport Block, the Highways Maintenance Block (excluding PFI), and Highways Maintenance incentive funding.

Transforming Cities Fund (TCF)

2.18 In March 2020 the Government awarded £166m from the Transforming Cities Fund (TCF) to the Sheffield City Region for a period of three years.

Powers

2.19 Under the South Yorkshire Devolution Deal, the MCA and SCR Mayor have been granted the following devolved powers from Government:

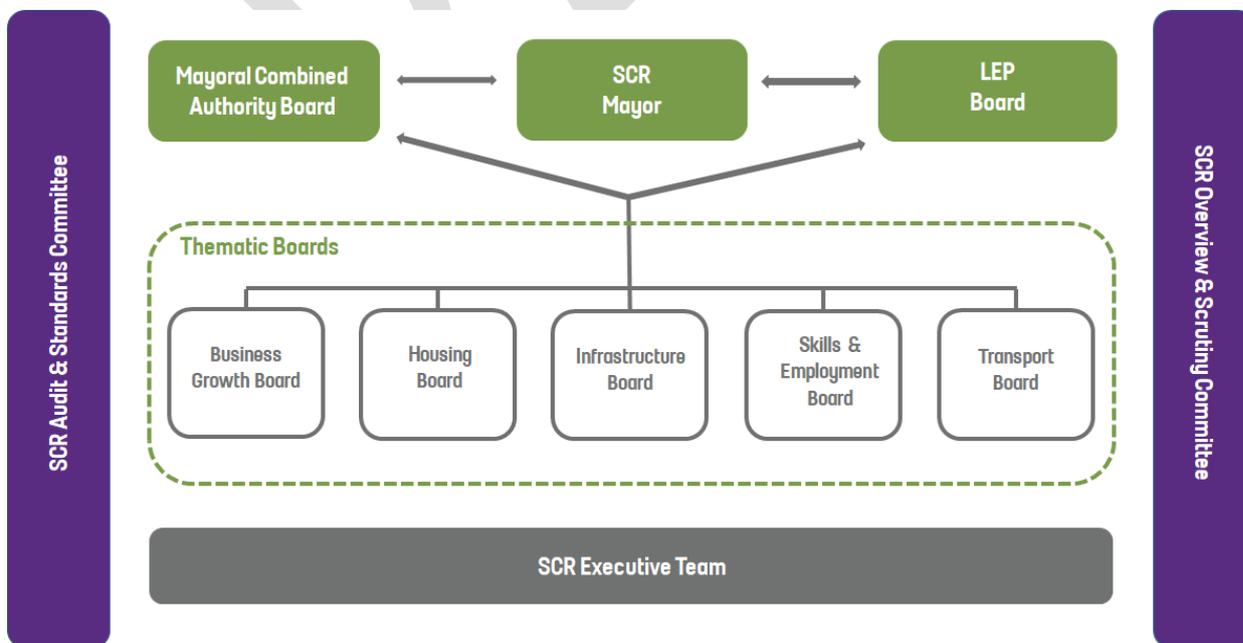
- The full devolution of the 19+ Adult Education Budget for college and training providers. .
- To improve the supply and quality of housing and secure the development of land or infrastructure
- To create a non-statutory Spatial Framework for South Yorkshire
- To establish Mayoral Development Corporations
- To provide grants and make agreements with other bodies on the management of the strategic highway network
- The ability to introduce a Mayoral precept.

3. Structures and Roles

Overview

- 3.1 The Sheffield City Region (SCR) governance model combines the best of private sector expertise and public sector capacity, transparency and accountability.
- 3.2 The Mayoral Combined Authority (MCA) and Local Enterprise Partnership (LEP) form the core decision-making Boards for the Sheffield City Region. The private sector-led LEP supports and works alongside democratically elected Leaders on the MCA Board. The SCR Mayor, Leaders of the City Region's four local authorities and LEP Chair sit on both Boards. This has resulted in strong partnership between the MCA and LEP. It also ensures that a single oversight is in place to deliver efficient, effective, accountable and informed decision-making.
- 3.3 The SCR Mayor, MCA Board and LEP Board are supported by five Thematic Boards and the SCR Executive Team. The Thematic Boards are responsible for driving forward the agenda of their thematic area. The SCR Executive is an impartial team that advises the SCR Mayor, MCA and LEP on policy, seeks agreement between those bodies and subsequently commissions, manages and monitors the delivery of projects. The SCR Executive Team also supports the decision-making process. Two independent committees; the Audit and Standards Committee and Overview and Scrutiny Committee; ensure that the MCA, LEP and SCR Mayor are fulfilling their legal obligations, and developing and delivering strategies that are in the best interests of local people.
- 3.4 Figure 4 sets out the overall structure of the SCR as an organisation, and how the Boards and Committees relate to one another.

Figure 4: The Sheffield City Region Organisational Structure



- 3.5 The following sections provide a description of the different elements of the structure and their respective roles and responsibilities.

The SCR Mayor

- 3.6 The SCR Mayor is directly elected by the electorate in South Yorkshire (Barnsley, Doncaster, Rotherham and Sheffield) and serves a four-year term of office. The SCR Mayor was elected in May 2018 and the next Mayoral Election is scheduled to take place in May 2022.

Role of the Mayor

- 3.7 The SCR Mayor has a manifesto of commitments on which he was elected, and he exercises powers and functions that are devolved to the Sheffield City Region by central Government.
- 3.8 The SCR Mayor is a member, and Chair, of the Mayoral Combined Authority (MCA) and leads the City Region; promoting it as a place to live, work, visit and invest in. The SCR Mayor is also a member of the LEP Board.

Responsibilities of the Mayor

- 3.9 The decision-making powers and functions of the SCR Mayor are:
- Development of a strategy and spending plan for the delivery of the mayoral functions;
 - Responsibility for a consolidated, devolved transport budget, with a multi-year settlement to be agreed at the Spending Review;
 - Responsibility and the power to approve franchised bus services, to support the MCA's delivery of smart and integrated ticketing across South Yorkshire;
 - Responsibility for an identified Key Route Network of local authority roads that will be collaboratively managed and maintained by the MCA on behalf of the Mayor;
 - Powers over strategic planning, including the responsibility to create a spatial framework for the Sheffield City Region;
 - Ability to create Mayoral Development Areas or Corporations in agreement with the relevant MCA member.

The Mayoral Combined Authority (MCA)

- 3.10 The Sheffield City Region Combined Authority was formally constituted in law in April 2014. It comprises the four constituent local authorities for South Yorkshire and five non-constituent local authorities from the neighbouring D2N2 LEP area. The constituent members are Barnsley, Doncaster, Rotherham and Sheffield. The non-constituent members are Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire. With the election of the SCR Mayor in May 2018, it became the Mayoral Combined Authority (MCA).

Role of the MCA

- 3.11 The MCA is the legal and Accountable Body for funding devolved to the MCA and LEP, including all money allocated to the City Region through its Growth Deal, and any devolution and transport funding. The MCA is also the Local Transport Authority for South Yorkshire. This role and its accompanying responsibilities are defined in the [MCA Constitution](#).

Responsibilities of the MCA

- 3.12 The MCA's remit is strategic economic development, housing, skills and transport.

- 3.13 The MCA is responsible for setting the policy direction for the City Region and maximising financial investment to achieve economic growth. The MCA is also responsible for making large investment decisions on projects, and ensuring that the policy and strategic objectives of the SEP are delivered.
- 3.14 On this basis, typically the agenda for the MCA is focused on different elements of the SEP and takes decisions and oversees performance on items including:
- Programme updates – on initiatives being delivered;
 - Investment decisions;
 - Monitoring of financial and output performance;
 - Assurance, strategic risk management and governance; and
 - Strategies and plans.
- 3.15 The constituent members of the MCA are accountable for where public money is being spent.
- 3.16 Additional responsibilities and further powers may be devolved to the SCR Mayor and the MCA, pending agreement by Government, the SCR Mayor, MCA and the constituent authorities.

Membership of the MCA

- 3.17 The MCA is chaired by the SCR Mayor. Membership of the MCA is set out in Table 1 below. This specifies the type of membership; constituent, non-constituent and observer.

Table 1: Membership of the Sheffield City Region Mayoral Combined Authority (MCA) 2020/21

Member	Post	Membership Type
Sheffield City Region	SCR Mayor	Constituent
Barnsley Metropolitan Borough Council	Leader	Constituent
Doncaster Metropolitan Borough Council	Mayor	Constituent
Rotherham Metropolitan Borough Council	Leader	Constituent
Sheffield City Council	Leader	Constituent
Bassetlaw District Council	Leader	Non-constituent
Bolsover District Council	Leader	Non-constituent
Chesterfield Borough Council	Leader	Non-constituent
Derbyshire Dales District Council	Leader	Non-constituent
North East Derbyshire District Council	Leader	Non-constituent
Sheffield City Region LEP	Chair	Non-voting
Doncaster Metropolitan Borough Council	Nominated Representative	Rotational
Rotherham Metropolitan Borough Council	Nominated Representative	Rotational

- 3.18 The MCA Constitution stipulates that substitute members will be nominated and agreed by the full members annually.
- 3.19 Each year the MCA appoints two additional, rotational members from amongst the constituent councils. This is a requirement of the Order by which the Combined Authority was established in order to ensure that the majority of Members are from constituent councils. In 2020/21, the rotational members are from Doncaster and Rotherham. In 2021/22 they will be from Barnsley and Sheffield. By convention these Members do not attend or vote.

- 3.20 Organisations are invited to attend MCA meetings in an observer capacity when relevant business is being discussed. These can include Government agencies (such as Homes England or Network Rail) and other LEPs which have close economic links with the Sheffield City Region (for example but not restricted to the Leeds City Region, Manchester and Humber LEPs).
- 3.21 All MCA Board members are expected to conduct themselves in accordance with the Nolan Principles of Public Life. These principles are embedded in the [MCA Members' Code of Conduct](#) as detailed in the MCA Constitution.

MCA Board Meetings

- 3.22 The MCA Board meets on an eight-weekly cycle and the meetings are held in public.
- 3.23 All constituent members of the MCA Board and the Mayor have one equally weighted vote. Non-constituent members have no automatic right to vote. The MCA Constitution allows for voting rights to be extended to non-constituent members at the discretion of the constituent members.
- 3.24 Decisions are made by a majority of the members present at MCA meetings and voting when using the powers held by the Authority when it was established in 2014. For the new powers devolved to the MCA through the devolution deal, the SCR Mayor must be part of the majority of members present and voting on the exercise of such functions. These functions are:
- Adult Education Budget;
 - Skills powers / duties; and
 - Housing functions.
- 3.25 The approval of the non-statutory Spatial Framework will require a unanimous decision from all constituent members. Whilst the establishment of any Mayoral Development Corporation will require the agreement of the Mayor and the MCA member that represents that place.
- 3.26 The SCR Mayor's budget proposals will be approved by the MCA in accordance with the Combined Authorities (Finance) Order 2017 and the SCR Constitution.

Quoracy for MCA Board Meetings

- 3.27 At least three voting members of the MCA must be present for a meeting to be valid. If a decision is required to meet agreed timescales and a meeting of the MCA is either not possible or scheduled, written procedures for decision making apply, in line with the MCA Constitution and the relevant Overview and Scrutiny regulations.

The Local Enterprise Partnership Board (LEP)

- 3.28 The Local Enterprise Partnership (LEP) is a voluntary business-led partnership which brings together business leaders, local politicians and other partners to promote and drive economic growth across the Sheffield City Region. The Sheffield City Region LEP was established in 2010.

Role of the LEP

- 3.29 The LEP leads on strategic economic policy development within the City Region and sets the blueprint for how the SCR economy should evolve and grow. The LEP is the developer and author of the SEP. The LEP raises the profile, image and reputation of the Sheffield City Region as a place to visit, live, work and invest in.

Responsibilities of the LEP

- 3.30 The LEP is responsible for setting strategy and acts as the custodian of the SEP. The LEP bids for funding and programmes from Government and is responsible for delivering these programmes. This includes delivering the Growth Deal programme of activity.
- 3.31 The LEP is also responsible for ensuring that policy and decisions both receive the input of key business leaders, and by extension, reflect the views of the wider business community. The LEP fulfils this responsibility by leading on engagement with local businesses and policy makers at a City Regional, national and international level.
- 3.32 The focus of the LEP Board is to discuss the following:
- **SCR Economy** – such as research on how well the SCR economy is performing and the issues and needs of different sectors and markets;
 - **Accepting Schemes to the LEP Programme** – LEP approval is needed before a project can be accepted onto the LEP funded pipeline programme;
 - **Performance** - of LEP funded programmes;
 - **Providing a Forum for Debate** - between the public and private sectors; and
 - **Economic Strategy and Policy Development** – on new initiatives being brought forward.

Membership of the LEP

- 3.33 The LEP comprises 12 permanent private sector representatives, the four Leaders of the Local Authorities and the SCR Mayor. The private sector members include two representatives from the Sheffield City Region's Higher Education (HE) sector. A Trades Union representative and two co-opted private sector members, who act as specialist advisers on thematic issues, also sit on the Board.
- 3.34 Membership of the LEP is set out in Table 2 below.

Table 2: Membership of the Sheffield City Region Local Enterprise Partnership (LEP) 2020/21

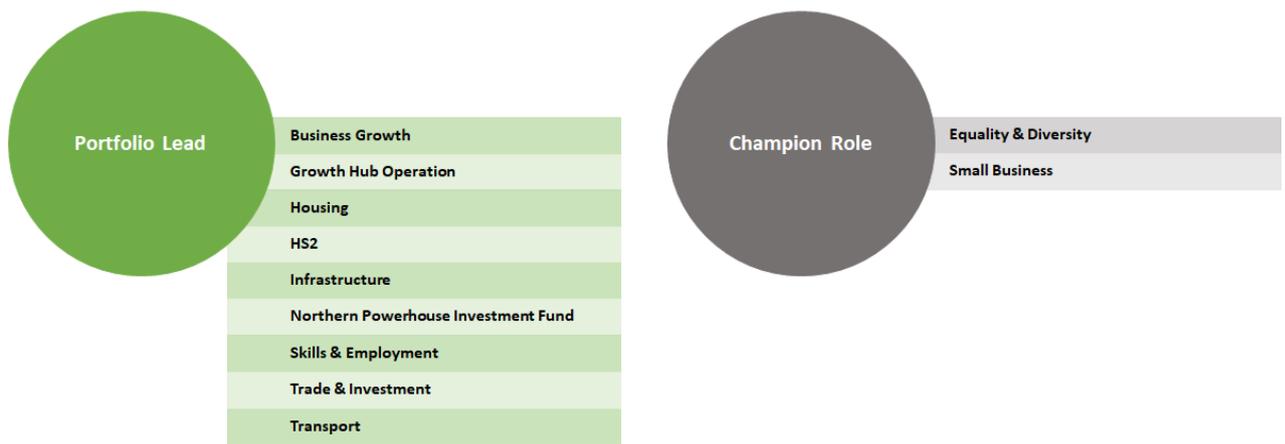
Member	Post	Membership Type
James Muir	LEP Chair	Private Sector
Nigel Brewster	LEP Vice Chair	Private Sector
Lucy Nickson	LEP Vice Chair	Private Sector
Laura Bennett	Permanent Member	Private Sector
Alexa Greaves	Permanent Member	Private Sector
Gemma Smith	Permanent Member	Private Sector
Professor Chris Husbands	Permanent Member	Private Sector
Peter Kennan	Permanent Member	Private Sector
Tan Khan	Permanent Member	Private Sector
Neil MacDonald	Permanent Member	Private Sector
Owen Michaelson	Permanent Member	Private Sector
Richard Stubbs	Permanent Member	Private Sector
Professor Dave Petley	Co-opted Member	Private Sector

Alison Kinna	Co-opted Member	Private Sector
Bill Adams	Trades Union Representative	Membership Body
Sheffield City Region	SCR Mayor	Public Sector
Barnsley Metropolitan Borough Council	Leader	Public Sector
Doncaster Metropolitan Borough Council	Mayor	Public Sector
Rotherham Metropolitan Borough Council	Leader	Public Sector
Sheffield City Council	Leader	Public Sector

3.35 Private sector LEP Board members are each assigned a portfolio of work based on their expertise and knowledge. The portfolios are thematic based, and each LEP Board member leads on the LEP’s activity on that theme.

3.36 The LEP Board also designates a private sector LEP Board member to be Small Business Champion and Equality and Diversity Champion. The Small Business Champion is tasked with leading engagement with small businesses, and ensuring that the views of micro, small and medium sized businesses are adequately represented by the LEP. The Equality and Diversity Champion ensures that the LEP Board understands its role in promoting diversity and eliminating discrimination. The portfolios are listed in Figure 5.

Figure 5: LEP Portfolio and Champion Roles



3.37 The current composition of the LEP Board is 73.7% Private Sector members compared to 26.3% Public Sector members. This equates to a ratio that is significantly higher than the Government’s ambition of a two-third, one-third split.

3.38 Co-opted members were first introduced onto the LEP Board in Autumn 2017 to provide additional specialist advice and expertise on the SEP’s thematic priorities, such as infrastructure, skills and employment. The knowledge and advice provided by the co-opted members has led to significant progress being made on key projects and initiatives including the development and delivery of the Housing Investment Fund pilot.

3.39 All LEP Board members are expected to conduct themselves in accordance with the Nolan Principles of Public Life. These principles are embedded in the [LEP Code of Conduct](#). LEP Board members are required to sign a document confirming that they will subscribe to Nolan principles as a condition of their appointment.

LEP Board Meetings

3.40 The LEP Board meets on an eight-weekly cycle and the meetings are held in private, with the exception of an Annual General Meeting (AGM).

- 3.41 All Board members (apart from co-opted members) have equal voting rights, and decisions are taken on the basis of a simple majority.

Quoracy for LEP Board Meetings

- 3.42 Meetings of the LEP Board are considered quorate when at least one quarter of the Private Sector Members and at least one quarter of the constituent local authority members are present.
- 3.43 A LEP Board Member may be counted in the quorum if they are able to participate in the meeting by remote means such as by telephone, audio or video link. The member must remain available throughout the agenda items where discussions and decisions are made.
- 3.44 Co-opted members, and any LEP Board member who is obliged to withdraw under the LEP Code of Conduct, are not counted towards the quorum.
- 3.45 To ensure that LEP Board members are suitably committed to the work of the LEP, consistent non-attendance at meetings is grounds for termination of membership. This is outlined in the [LEP Terms of Reference](#).
- 3.46 If a decision is required to meet agreed timescales and a meeting of the LEP is either not possible or scheduled, the urgency procedure for decision making applies, as outlined in LEP Terms of Reference.

LEP Chair

- 3.47 The LEP Chair must have a private sector background.
- 3.48 The LEP Chair leads on building the reputation and influence of the City Region at a national and international level. The LEP Chair is also a non-voting member of the MCA.

LEP Vice Chair

- 3.49 The Sheffield City Region LEP has two Vice Chairs.
- 3.50 The LEP Vice Chairs must have a private sector background.
- 3.51 The LEP Vice Chairs provide day to day leadership and support to the LEP Board Members, lead on business relations within the City Region, engage with the wider business community and deputise for the LEP Chair when necessary.

Defined Term Limits

- 3.52 The LEP Chair and LEP Vice Chairs have defined term limits of three years. They can re-apply for a further term.
- 3.53 All other permanent private sector LEP Board members are appointed for an initial term of three years. As set-out in the LEP Terms of Reference, the Chair may extend the appointment of an individual for a further three-year term. With a clear rationale, and only in exceptional circumstances, a further extension not exceeding two years may be granted.
- 3.54 Co-opted LEP Board members have a defined term limit of one year, with the exception of the co-opted HE representative who serves a term of three years.

- 3.55 The Trades Union Congress (TUC) has a permanent seat on the LEP Board and nominates their named representative on an annual basis.

LEP Board Recruitment and Appointment

- 3.56 Private sector LEP Board members are appointed through an open and transparent recruitment and selection process, which is run on an annual basis. In the interests of continuity and succession planning, the recruitment is staggered so that the terms of all private sector members do not expire at the same time.
- 3.57 When private sector members either approach the end of their term, or if a LEP Board member resigns mid-term, the vacant positions on the LEP Board are promoted through the SCR website, social media channels and are advertised in local and regional media. Local business representative organisations are also consulted about LEP Board vacancies and advertise and promote these vacancies through communications with their members.
- 3.58 When recruiting new LEP Board members, consideration is given to achieving the optimum composition and diversity on the LEP Board in line with the [LEP Diversity Policy](#). However, all Board appointments are made on merit, and within the context of the skills and experience required by the LEP Board.
- 3.59 Interested candidates are required to complete and submit an application form. A LEP Appointments Panel, which is made-up of LEP Board Vice Chairs, reviews and assesses the applications against the LEP Board Member Job Description and Person Specification, with advice and support from the SCR Executive Team. Candidates are shortlisted for an interview by a panel including LEP Board members (usually the Vice Chairs), a member of an independent business representative body, and the SCR Chief Executive or Deputy Chief Executive.
- 3.60 A combination of the completed application form and interview are used to judge each candidate's experience, suitability and fit. The LEP Appointments Panel then makes a recommendation to the LEP Board on the candidates that should be appointed.
- 3.61 Newly appointed LEP Board members are invited to attend an induction session with the SCR Executive Team to develop their understanding of the City Region, the organisational and decision-making structure, the LEP's priorities and plans and support available to LEP Board members from the SCR Executive Team.
- 3.62 Vacant positions for the Chair and Vice Chair roles are promoted in the same way. However, these positions are also advertised in national media outlets and on the Government's Public Appointments website. The Mayor leads the appointment panel for the LEP Chair, which also includes another LEP Board Member, an independent business representative organisation, a Local Authority Chief Executive and either the SCR Chief Executive or Deputy Chief Executive.

Equality and Diversity

- 3.63 The [LEP Diversity Policy](#) seeks to ensure that the composition of the LEP Board is diverse and reflective of the City Region in the broadest sense. In determining the optimum composition of the LEP Board, consideration is given to gender, race, protected characteristics and areas of expertise including industry knowledge, geography, sectors and business size. This is done with a view to obtaining an appropriate balance of membership. Applications from under-represented groups are encouraged. This approach has resulted in the LEP Board being the most diverse it has ever been.
- 3.64 The current gender composition of the LEP Board is detailed in Table 3 below. It illustrates that 33.3% of the LEP's permanent private sector members and 50% of co-opted private sector members are women (combined 35.7%).

Table 3: Gender Composition of LEP Board (March 2020)

Type of Membership	Gender		Vacant Posts	Total	Gender Ratio	
	Female	Male			Female	Male
Private Sector (Permanent)	4	8	0	12	33.3%	66.7%
Public Sector (Permanent)	2	3	0	5	40.0%	60.0%
Membership Body (Permanent)	0	1	0	1	0%	100%
Permanent Members	6	12	0	18	33.3%	66.7%
Private Sector (Co-opted)	1	1	0	2	50.0%	50.0%
Co-opted Members	1	1	0	2	50.0%	50.0%
All Private Sector (TOTAL)	5	9	0	14	35.7%	64.3%
All Members (TOTAL)	7	13	0	20	35.0%	65.0%

3.65 The LEP expects to obtain an equal split of male and female Private Sector Board members by March 2023.

How the MCA and LEP Work Together

3.66 A key facet of the governance arrangements in the City Region is the strong inter-relationship between the LEP and MCA and overlap of membership. Building on the best of the public and private sectors, this brings together accountability and transparency with business insight. The configuration and membership of the LEP and MCA are designed to be mutually supportive.

3.67 The MCA is the legally Accountable Body for all funds awarded to the LEP and approves the LEP annual capital and revenue budgets prior to the start of the financial year. However, the LEP advises on how these funds are prioritised.

3.68 The MCA tests the value for money of proposed projects, and makes decisions in a legally compliant, responsible and transparent manner.

3.69 To maintain good levels of communication and high levels of cooperation, the LEP and MCA are both served by the same team of staff (the SCR Executive Team). Financial information and reports on programme delivery are reported to both the LEP and MCA Boards. This includes details of applications received for LEP funded programmes and contracts awarded.

3.70 Given the clarity in remit and strong controls being in place, there are minimal circumstances where the MCA would not comply with the LEP's advice. However potentially this could occur if:

- The LEP was seeking to influence a decision of the MCA which is within the remit of the Accountable Body specifically an operational decision as opposed to a strategic decision regarding the economic strategy;

- The LEP was seeking to influence a decision which is non-compliant with public accountability requirements and procedures, or does not offer value for money;
- The MCA was seeking to influence a decision which is within the remit of the LEP (for example, supporting a project that is not aligned with the objectives of the SEP); or
- The MCA was refusing to operationalise a policy directive of the LEP in accordance with the SEP.

3.71 A procedure is in place for managing conflicts in decision-making should they occur. The three SCR Statutory Officers would first attempt to resolve the conflict with the Chairs of the LEP and MCA Boards. If the conflict cannot be resolved, and depending on the nature of the conflict, this would be formally escalated to either the LEP Board or MCA Board to discuss and agree a resolution.

3.72 In 2019, the LEP published a Memorandum of Understanding to concisely and simply explain the respective roles and responsibilities of the LEP and MCA, and how they work together. This was done to ensure that members of the public are clear on who is responsible for decision-making in the City Region. This document is contained in Appendix B.

Thematic Boards

3.73 To support decision-making and delivery, the MCA and LEP are supported by five Thematic Boards, which are based on the broad strategic priorities of the SEP. The five Thematic Boards all have delegated authority to make financial decisions on behalf of the MCA up to defined limits.

Role of the Thematic Boards

3.74 The purpose of the Thematic Boards is to provide adequate and experienced capacity to review projects and make investment decisions. These Boards bring together the public and private leadership of the MCA and LEP to drive the delivery of the SCR's programme of activity, ensuring that the focus remains on the outcomes being delivered. The Thematic Boards therefore enable the MCA and LEP Boards to operate strategically rather than merely as investment boards.

3.75 The five Thematic Boards are accountable to the MCA and each one has a defined portfolio with distinct responsibilities for Business Growth, Housing, Infrastructure, Skills and Employment and Transport.

3.76 The Transport Board has a broader role than the other four Thematic Boards; specifically co-ordinating the transport activities, and overseeing the performance, of the South Yorkshire Passenger Transport Executive (SYPTPE).

Responsibilities of the Thematic Boards

3.77 Each of the five Thematic Boards (Business Growth, Housing, Infrastructure, Skills and Employment and Transport) has delegated authority to approve projects with a value of less than £2 million. Decisions made by the Thematic Boards are presented to the MCA Board in a written Delegated Decisions Report. As the delegating body, the MCA has the right to review decisions made by the Thematic Boards.

3.78 The responsibilities of the five Thematic Boards are to:

- Shape future policy, priorities and programmes for the LEP and MCA Boards to approve;
- Review programme and funding applications of less than £2 million that have been through the SCR appraisal process and decide whether to approve, defer or reject the application;
- Review programme and funding applications of £2 million or more that have been through the SCR appraisal process and make a recommendation to the MCA Board for approval, deferment or rejection

of the application;

- Accept grants with a value of less than £2 million; and
- Monitor programme delivery and performance on their thematic area.

3.79 The Transport Board has the following additional responsibilities:

- Assisting in the development of the transport strategy and strategies for its implementation;
- Overseeing the performance of SYPTTE in delivering operational transport services and its capital programme and providing SYPTTE with political direction;
- Recommending the capital programme of SYPTTE for approval to the MCA; and
- Recommending the revenue budget of SYPTTE for approval to the MCA.

Membership of the Thematic Boards

3.80 The Transport Board has a different membership structure to the other four Thematic Boards. Its membership comprises:

- The SCR Mayor (Chair);
- A Leader from the MCA of a South Yorkshire local authority (Deputy Chair);
- A nominated representative for each of the remaining three South Yorkshire (constituent) local authorities on the MCA Board;
- A representative for the non-constituent local authorities on the MCA Board;
- A lead local authority Chief Executive;
- A Private Sector LEP Board member;
- The Director General of the SYPTTE; and
- The MCA Head of Paid Service (or their nominated representative).

3.81 The members of the remaining four Thematic Boards are set out in Table 4 below.

Table 4: Membership of the Thematic Boards 2020/21 (excluding the Transport Board)

Business Growth	Housing	Infrastructure	Skills & Employment
One Leader from the MCA of a South Yorkshire local authority	One Leader from the MCA of a South Yorkshire local authority	One Leader from the MCA of a South Yorkshire local authority	One Leader from the MCA of a South Yorkshire local authority
	Leader of Bassetlaw District Council (non-constituent local authority from the MCA)		Leader of Chesterfield Borough Council (non-constituent local authority from the MCA)
A nominated representative for each of the three other South Yorkshire local authorities	A nominated representative for each of the three other South Yorkshire local authorities	A nominated representative for each of the three other South Yorkshire local authorities	A nominated representative for each of the three other South Yorkshire local authorities
A lead Chief Executive from a South Yorkshire local authority	A lead Chief Executive from a South Yorkshire local authority	A lead Chief Executive from a South Yorkshire local authority	A lead Chief Executive from a South Yorkshire local authority

Two private sector LEP Board members			
Head of Paid Service (or their nominated representative)	Head of Paid Service (or their nominated representative)	Head of Paid Service (or their nominated representative)	Head of Paid Service (or their nominated representative)
A non-voting representative for the other non-constituent local authorities from the MCA	A non-voting representative for the other non-constituent local authorities from the MCA	A non-voting representative for the other non-constituent local authorities from the MCA	A non-voting representative for the other non-constituent local authorities from the MCA

- 3.82 Board decisions are made on the basis of consensus. Where consensus cannot be reached the issue is escalated to the MCA.
- 3.83 The Thematic Boards can form Task and Finish groups of key stakeholders and advisors to assist in the management and monitoring of individual programmes or projects. Any such groups are purely advisory and cannot assume any of the Thematic Board's responsibilities for decision-making. Task and Finish groups are required to submit reports to the Thematic Board.

Thematic Board Meetings

- 3.84 Thematic Boards routinely meet on an eight-weekly cycle and the SCR Executive Team provides the secretariat.

Quoracy for Thematic Board Meetings

- 3.85 Meetings of the Thematic Boards (with the exception of the Transport Board) are quorate when five members are present; of which two are from South Yorkshire (constituent) local authorities and one is a LEP private sector member.
- 3.86 Transport Board meetings are quorate when two thirds of the members are present.
- 3.87 A member who is obliged to withdraw under the [MCA Code of Conduct](#) or [LEP Code of Conduct](#) shall not be counted towards the quorum.
- 3.88 If a decision is required to meet agreed timescales and a meeting of the Thematic Board is either not possible or scheduled, written procedures for decision making apply, in line with the Thematic Boards Protocol for Decisions Between Meetings.

Audit and Standards Committee

- 3.89 The SCR Audit and Standards Committee ensures that the LEP, MCA and SCR Mayor are operating in a legal, open and transparent way.
- 3.90 In accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance, the Committee provides a high-level focus on assurance and governance arrangements.
- 3.91 The Audit and Standards Committee monitors the operation of the organisation. Their role is to ensure that the MCA is fulfilling its legal obligations, complies with statutory requirements, is managing risk effectively and has robust control measures in place for all devolved powers and funding. The Committee reviews and endorses all budgets and accounts, including those for the LEP, before they are finalised and presented to the MCA Board for approval, and identify any risks.

- 3.92 Membership of the Audit and Standards Committee is politically balanced and consists of 8 elected Councillors (or their nominated substitute) from the four South Yorkshire local authorities and two independent members.
- 3.93 The Audit and Standards Committee meets at least quarterly and reports into the MCA on both financial and non-financial performance.

Overview and Scrutiny Committee

- 3.94 The SCR Overview and Scrutiny Committee holds the MCA, SCR Mayor, LEP and Thematic Boards to account for all decisions taken, including devolved powers and funding. The Overview and Scrutiny Committee has the authority to review and scrutinise any decision made, or action taken by the LEP, MCA, SCR Mayor, Thematic Boards or SCR Executive Team. The Committee can, at their discretion, produce reports and make recommendations for change or improvements.
- 3.95 The Overview and Scrutiny Committee is responsible for checking that the MCA and LEP are delivering their objectives, and that SCR policies, strategies and plans are made in the best interests of residents and workers in the City Region. They provide independent scrutiny of SCR initiatives and LEP activities and public consultation on draft strategies.
- 3.96 Membership of the Overview and Scrutiny Committee is politically balanced and consists of 10 elected Councillors from the four South Yorkshire local authorities (or their nominated substitute); typically, the Chair of each local authority's overarching Scrutiny Committee.
- 3.97 The Overview and Scrutiny Committee meets on a quarterly basis. The MCA is required to consider the conclusions of any review by the Overview and Scrutiny Committee at the next available meeting.

Statutory Officers

- 3.98 The MCA and LEP appoint three Statutory Officers to discharge duties and obligations on their behalf. The Statutory Officers ensure that the MCA is acting in accordance with its legal duties and responsibilities, operating within the financial regulations and receiving appropriate advice on policy and governance.
- 3.99 The Statutory Officer roles are defined in the MCA Constitution and comprise:
- **Head of Paid Service** – The SCR Chief Executive fulfils the role of the Head of Paid Service. The Head of Paid Service discharges the functions in relation to the MCA as set out in section 4 of the Local Government and Housing Act 1989 and acts as the principal advisor to the LEP.
 - **Section 73 Officer** – The SCR Group Finance Director fulfils the role of Section 73 Officer in accordance with the Local Government Act 1985. The Section 73 Officer administers the financial affairs of the MCA and LEP.
 - **Monitoring Officer** – The SCR Monitoring Officer discharges the functions in relation to the MCA as set out in section 5 of the Local Government and Housing Act 1989.

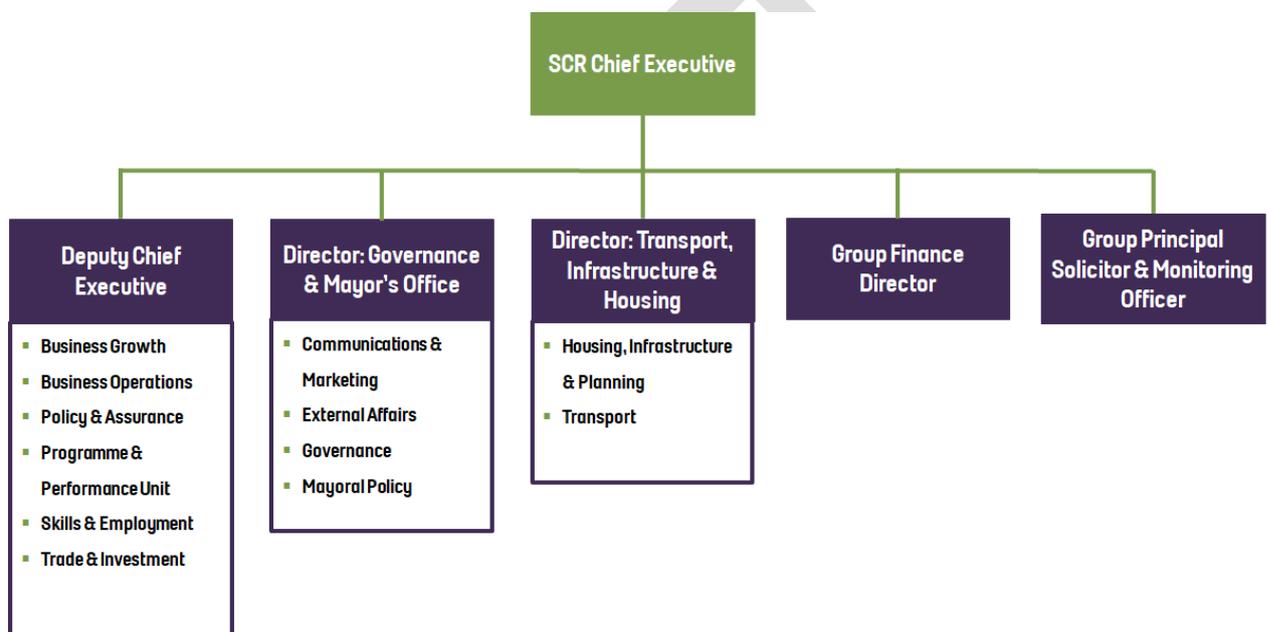
Remuneration Panel

- 3.100 An independent Remuneration Panel convenes to identify the salary and allowances that should be paid to the SCR Mayor and SCR Deputy Mayor for their term of office.
- 3.101 The Remuneration Panel reports their recommendations in a report to the MCA Board who decide the salary and allowances that will be paid.

The SCR Executive Team

- 3.102 The MCA Board, LEP Board and Thematic Boards are supported by the SCR Executive Team. The SCR Executive Team is a dedicated resource that provides impartial advice and works in collaboration with partners and stakeholders.
- 3.103 The role of the SCR Executive Team is to advise the MCA, Mayor and LEP and pro-actively advance the decision-making process through close co-ordination and by working with local authority Leaders, Chief Executives and officers.
- 3.104 The SCR Executive Team is employed by the MCA and its current functions are shown in Figure 6 below.

Figure 6: The SCR Executive Team Structure



- 3.105 The SCR Executive Team supports the following activities:
- **Developing Policy** - supporting the MCA, SCR Mayor and LEP to draft key policy, including the SEP;
 - **Initiating and Encouraging Project Ideas** - the team works with officers from local authorities, the private sector and project applicants to identify and bring forward viable project ideas that support the strategic objectives of the City Region;
 - **Advising Funding Applicants on Business Cases and the Appraisal Process** – advising project applicants on how to develop a robust and comprehensive Business Case;
 - **Appraising Business Cases** – independently reviewing and appraising business cases and funding applications through the SCR Appraisal Panel and contracting specialists and subject experts to undertake technical reviews as required, prior to making recommendations to the Thematic Boards;
 - **Programme Monitoring** - collating and communicating performance on different funding streams to the MCA and LEP Boards and MHCLG as per the Government's requirements;
 - **Project Monitoring and Evaluation** - managing the monitoring and evaluation framework, and providing reports and updates to the Thematic Boards, MCA and LEP;

- **Administration of the Boards** – ensuring MCA, LEP and Thematic Board meetings are planned and arranged in a timely fashion and communicated;
- **Compiling Papers and Reports** - for the SCR Mayor and Board members;
- **Enquiries** – dealing with the media and handling general enquiries from the public;
- **Publishing Information** – ensuring that minutes, agendas and papers of the meetings of the LEP, MCA Board, Audit and Standards Committee and Overview and Scrutiny Committee are published promptly on the SCR website and publishing information on the MCA and LEP policies and procedures; and
- **Promoting the City Region** – to potential investors and the public as a place to invest, work and live.

3.106 The functions of the SCR Executive Team are organised to maintain 'ethical walls' and ensure that there are no conflicts of interest between project and programme commissioning and project appraisal.

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4. Accountability for Public Funds

- 4.1 Several measures are in place to ensure that the SCR Mayor, Mayoral Combined Authority (MCA) and Local Enterprise Partnership (LEP) are managing and administering public funds in a responsible, efficient, transparent and accountable manner.

The Accountable Body

- 4.2 The MCA is the legal and Accountable Body for devolved powers and funding and the LEP. The MCA is responsible for all decisions and expenditure.
- 4.3 The MCA holds all funding, enters into contractual arrangements and processes payments. The MCA also provides programme management to account for the funding and ensures that the impact of investment is assessed.
- 4.4 The MCA is accountable for:
- Ensuring that its decisions and activities conform with legal requirements regarding equalities, environmental and European legislation (such as State Aid), and that records are maintained so that this is evidenced;
 - Retaining overall responsibility for the appropriate use of public funds by the MCA, LEP and Thematic Boards;
 - Managing funds allocated to the SCR Mayor until such time as the Mayor has Executive Functions following the making of a Mayoral Powers Order by Government;
 - Ensuring that the approved Assurance Framework is being adhered to;
 - Ensuring that all contracts entered discharge their duties; and
 - Maintaining and publishing annual accounts (including Local Growth Fund and other funding sources received from Government), in accordance with the relevant regulations, each year in draft form by 31 May and finalised in July.
- 4.5 In accordance with section 101 of the Local Government Act 1972, the MCA can delegate funding decisions to Chief Officers within the Sheffield City Region. The [SCR Scheme of Delegation](#) specifies the delegations for funding and decision-making that are available to the Head of Paid Service (the SCR Chief Executive), the Section 73 Officer (SCR Group Finance Director), the SCR Monitoring Officer and the Chief Executives of the constituent and non-constituent local authorities.

Section 73 Officer

- 4.6 The SCR Section 73 Officer is fully engaged in the operation of the organisation, ensuring that devolved funds are managed responsibly and allocated through a robust application process.
- 4.7 The Section 73 Officer is accountable for:
- Ensuring that devolved funds, including the AEB, are used legally, appropriately and are subject to the usual local authority checks and balances, including discharging financial duties under the [Financial Regulations 2018](#);
 - Ensuring that the MCA acts in a manner that is lawful, transparent, evidence based, consistent and proportionate, including the publication of annual audited accounts;

- Signing-off Value for Money Statements for all funding applications during the appraisal process as true and accurate;
- Certifying that funding can be released under the appropriate conditions (in line with statutory duties);
- Signing-off quarterly reports to the Ministry of Housing, Communities and Local Government (MHCLG) on programme performance and expenditure;
- Ensuring that the established professional codes of practice are applied; and
- Assuring that strong governance arrangements and LEP policies are in place to ensure that the LEP is operating robustly and transparently (by providing an Annual Assurance Statement and letter to the MHCLG Accounting Officer).

Internal and External Audit

- 4.8 The MCA has an established process for internal and external audit. Internal audit is a contracted service provided by Grant Thornton. Ernst and Young are the appointed external auditors. As the MCA is the Accountable Body, the audit arrangements cover both the LEP and the MCA's funding and activities, including devolved monies.
- 4.9 In conjunction with the internal audit team, the MCA Head of Paid Service, Section 73 Officer and Monitoring officer prepare an annual Internal Audit Plan at the start of each financial year, which is reviewed towards the end of the financial year. The Internal Audit Plan includes all aspects of the business case evaluation and monitoring process. This provides independent and objective assurance to the MCA. The Plan is approved by the MCA and is considered by the Audit and Standards Committee. The current plan was approved by the Audit and Standards Committee in June 2019.

Overview and Scrutiny

- 4.10 The SCR's independent Overview and Scrutiny Committee holds the MCA, SCR Mayor, LEP and Thematic Boards to account on behalf of the public. They have the authority to review and scrutinise any decisions made including the investment of devolved funds, or actions taken. The Committee can at their discretion, make recommendations for change or improvement.
- 4.11 The Overview and Scrutiny Committee has an annual [Work Programme](#) of topics that they will scrutinise. Committee members are encouraged to propose additional topics for scrutiny.

SCR Appraisal Panel

- 4.12 The SCR Appraisal Panel, in conjunction with an independent and contracted team of specialists and experts (known as CIAT), conducts a technical review of all business cases for projects that are seeking funding. The Panel currently consists of a LEP Board member, the MCA's three Statutory Officers or their representatives (Monitoring Officer, Section 73 Officer and Head of Paid Service) and relevant officers from the SCR Executive Team. The Panel makes recommendations to the appropriate decision-making Board on the level of risk of a project and whether to endorse, approve, defer or reject funding applications. The SCR Appraisal Panel also advises on any conditions that should be placed on the funding and advises on the merits of potentially competing funding applications by considering the net impact of the overall investment programme.
- 4.13 The Statutory Officers ensure that the Accountable Body duties are discharged through their representation on the SCR Appraisal Panel. This embeds the roles and functions of the Statutory Officers in the project appraisal process. All projects seeking funding from SCR are reviewed by the SCR Appraisal Panel and are subject to independent technical scrutiny.

- 4.14 The SCR Appraisal Panel meets every two weeks, or more frequently if necessary, to ensure the pipeline of project proposals continues at the required pace.
- 4.15 The appraisal process is detailed in Section 5.

Ensuring Value for Money

- 4.16 All projects and programmes that apply for funding are appraised and assessed for Value for Money (VfM).
- 4.17 The VfM assessment considers the potential costs, benefits, risks, uncertainties and impacts of the project. A Benefit Cost Ratio (BCR) is calculated for the project but this is just one of the metrics that is considered in the VfM assessment. All of the wider monetised and non-monetised impacts and benefits of a project are quantified wherever possible and non-quantifiable benefits are also assessed qualitatively.
- 4.18 A VfM Statement summarising the VfM assessment is completed by the SCR Appraisal Panel at every stage of the appraisal process. The initial, adjusted and final BCR for transport projects is calculated in accordance with the DfT's Value for Money Advice Note for Local Transport Decision Makers.
- 4.19 The VfM statements are on a proportionate basis relative to the level of risk, complexity and funding sought.
- 4.20 The SCR Section 73 Officer is responsible for signing-off VfM Statements and sign-off must be achieved before a project can progress. The VfM Statement is also signed-off by the MCA and LEP.
- 4.21 The VfM Statement for each project, is presented to the appropriate Board or Thematic Board. The Statement includes the SCR Appraisal Panel's justification and recommendation on whether the project should be approved, deferred or rejected and any conditions that should be put in place.
- 4.22 Most projects that are funded by SCR offer high value for money (determined as having a final BCR rating of 2 or above and having significant non-monetised impacts).
- 4.23 The ambition is always to support projects with a BCR of 2 and above, particularly with transport schemes. However, projects that are appraised as offering medium to low VfM, may still be funded if either there is a strong strategic business case and the project will deliver the strategic and economic objectives in the SEP (for economic growth, inclusion and sustainability), or where the project is essential to unlock or enable other development to take place. However, the MCA and/or LEP can decide to remove a project from the programme if the appraisal identifies low value for money.

Managing Risk

- 4.24 The approach to risk management is comprehensive and in accordance with HM Treasury's Orange Book principles and other project management guidance. The Head of Paid Service is the named officer for managing risk on the MCA and LEP activity.
- 4.25 Robust control measures and a Strategic Risk Management Framework are in place to provide accountability and support due diligence. The Strategic Risk Management Framework guides the identification, assessment and management of risks for all activities.
- 4.26 Risk management controls and mitigation action plans for LEP funded programmes and projects are agreed and added to the programme Risk Register. A plan is then constructed to reduce the likelihood of the risk occurring and/or decrease the impact of a risk, should it occur.
- 4.27 Funding applicants are required to include risk and contingency plans as part of their application for funding. Once a project has received funding approval, the SCR Executive Team works with project applicants to monitor delivery of the contract and risks. The Team compile Quarterly Monitoring reports for the Thematic

Boards to identify any issues with delivery, perceived or actual risks to the project, any corrective action and any change requests (for example, a reduction in grant or an extension to the timescale for delivering key milestones). Any risks to the delivery of the SEP Programme are reported to, and considered by, the Chairs and Vice Chairs of the MCA and LEP respectively.

Annual Reviews by Government

- 4.28 The MCA holds an Annual Conversation meeting with Government each year to discuss delivery of the Devolution Deal and investment of devolved funding. The meeting is an opportunity to identify achievements and successes and any areas for improvement.
- 4.29 The LEP is reviewed twice a year by Government; a Mid-Year Review and an Annual Performance Review. The review considers the governance arrangements that are in place, strategic approach and performance against profiled expenditure and outputs on the LGF programme. A representative of the MCA attends the Annual Performance Review meeting, along with the LEP Chair and/or LEP Deputy Chair.

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5. Robust and Transparent Decision-Making

- 5.1 In accordance with the Transparency Code and Government guidance on best practice, the SCR Mayor, MCA Board, LEP Board and Thematic Boards are expected to act in the interests of the Sheffield City Region when making investment decisions. All decisions are made via an approved process, free from bias or perception of bias.
- 5.2 To ensure that decision-making is robust and transparent, all meetings of the MCA Board, Audit and Standards Committee and Overview and Scrutiny Committee are held in public. The MCA also publishes a monthly [Forward Plan of Key Decisions](#) to alert the public to decisions that will be taken in advance of the decision being made. The decision-making process is detailed below.

Budget Setting and Allocation

- 5.3 The Mayoral Budget is developed by the Mayor for the year ahead alongside the MCA revenue and capital budget. The budgets are presented to the MCA Board in draft form in November and presented to the MCA Board for final approval each January. The budgets must be agreed in accordance with the Combined Authorities (Finance) Order 2017 and the SCR Constitution.
- 5.4 The MCA, in consultation with the LEP where appropriate, is responsible for setting the annual capital and revenue budgets for funding allocated to the LEP prior to the start of the financial year.
- 5.5 All approved capital and revenue budgets are published on the SCR website. Budgets are monitored on a quarterly basis with reports submitted to the Boards. Quarterly financial monitoring reports on individual programmes and projects are also submitted.
- 5.6 The SCR Investment Plan will identify how all devolved funding will be invested to deliver the South Yorkshire Devolution Deal and the strategic objectives and investment priorities outlined in the SCR SEP. Individual Delivery Plans identify how budgets will be spent in each of the thematic areas (for example, skills, business growth and housing).
- 5.7 Investment decisions on the allocation and use of the Adult Education Budget (AEB) in South Yorkshire will be made with full consideration to the statutory entitlements. Approximately half of the AEB will be allocated to the delivery of the following statutory entitlements:
- English and Maths, up to and including Level 2, for individuals aged 19 and over, who have not previously attained a GCSE grade A* to C or grade 4, or higher, and/or;
 - First full qualification at Level 2 for individuals aged 19 to 23, and/or;
 - First full qualification at Level 3 for individuals aged 19-23.
- 5.8 The remainder of the AEB will be allocated to non-statutory training and will be procured through an open, commissioning process.
- 5.9 The MCA Board is the final decision-making body for AEB funding awards.

Commissioning and Open Calls

- 5.10 In accordance with the agreed policy, project and programme applications for funding usually originate from three sources:

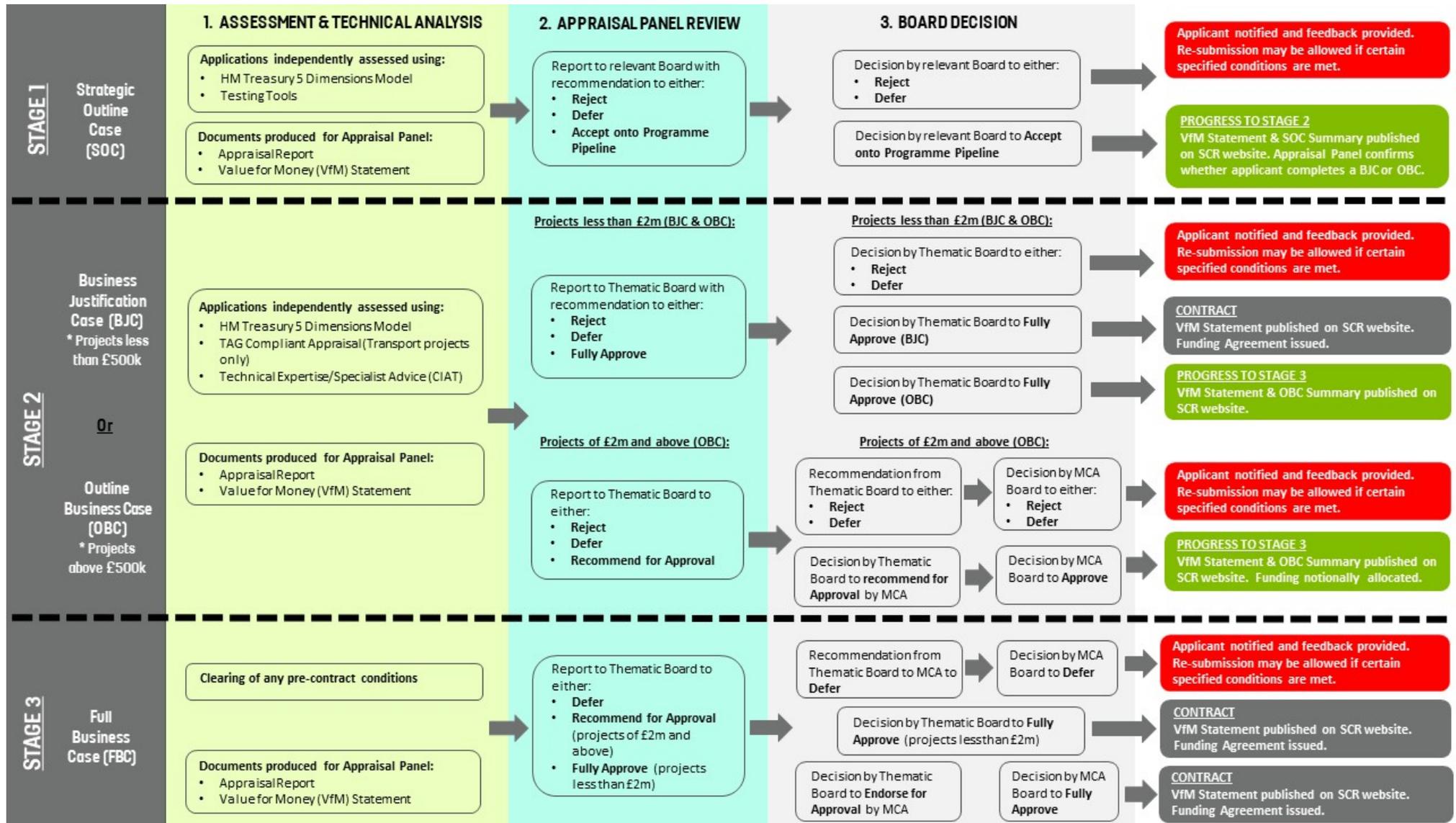
- **SCR Executive Team** – the SCR Executive Team may identify a need for a project or Programme that either meets the strategic priorities and objectives of the SEP or which will respond to a market failure or economic shock. These details may be held within an agreed Commissioning Framework or Delivery Plan.
- **A Thematic Board** – the Thematic Boards will proactively identify potential projects which satisfy the strategic objectives of the SEP and thematic Delivery Plan. These are subject to funding being available.
- **Via a targeted Open Call for Project Applications** – open calls inviting applicants to bid for funding or propose a project are published on the SCR website. Calls have a specific focus, such as delivering an investment priority or targets in the SEP. Project applicants will then submit a response or bid.

- 5.11 Commissioning for non-statutory AEB delivery will begin in Autumn 2020, following the publication of the SCR Employment and Skills Plan on the SCR website. The plan will set out the ambition to provide South Yorkshire residents with high quality learning and to deliver the skills that employers need to drive economic growth. Training providers will be required to submit a Delivery Plan which will be appraised. Following a moderation process, senior officials will make final recommendations for approval.
- 5.12 The procurement process for non-statutory AEB delivery will follow established rules and best practice for procurement including HM Treasury Green Book and AEB funding guidance and will seek best value for money.

The Appraisal Process

- 5.13 All schemes seeking investment (including projects commissioned by the Thematic Boards, responses to Open Calls and projects identified by the SCR Executive Team but excluding AEB), undergo a proportionate appraisal to assess the merits of the application, its strategic fit and value for money.
- 5.14 Each project and application for funding is assessed on its own merit, including where there are potentially competing applications for funding.
- 5.15 The steps involved in the appraisal process are detailed below and illustrated in Figure 7.

Figure 7: Business Case Development, Appraisal and Approval Process



Stage 1 Submission: Strategic Outline Case

- 5.16 A Strategic Outline Case (SOC) is the first official communication from a project applicant or scheme promoter. The purpose of the SOC is to establish the case for change and should provide a first view of the 'how, what and when' the project will deliver. It is important that an SOC can demonstrate its alignment with the SEP which sets the blueprint for how funds will be invested. The SOC is a standard template and requests the following information from the applicant:
- Project objectives and vision and the rationale for investment;
 - Project outputs and outcomes against the SEP;
 - High level timescales;
 - High level cost of project;
 - Initial funding required;
 - Project sponsor; and
 - Identifying risks and long list options analysis.

Stage 1 Appraisal: Strategic Outline Case

- 5.17 The SOC is assessed in line with the five-dimension model in the HM Treasury Green Book guidance. The SOC is therefore appraised against the following criteria:
- **Strategic Dimension** – contribution to SCR strategic objectives and national policy objectives;
 - **Economic Dimension** – impact on local growth, impact on national BCR, the social, distributional and environmental impacts, and an assessment of the value the project adds;
 - **Financial Dimension** – cost estimate and sources of funding e.g. identified scheme promoter, private sector and other contributions;
 - **Commercial Dimension** – proven market place for the project, certainty in outcomes, procurement processes and commercial viability; and
 - **Management Dimension** – demonstration that the project is capable of being delivered successfully, including Delivery Plans, statutory processes, programme, risk management (with appropriate mitigation plans) and benefit realisation.
- 5.18 To assess complex or transport related schemes, a series of approved and bespoke testing tools and models are used (such as FLUTE 18, SCRTM1 and TAG) to better understand the potential outcomes and value for money of an application. The VfM Statement will state what tools have been used in conducting the appraisal.
- 5.19 The SCR Executive Team completes a VfM Statement and submits the appraisal report and VfM Statement to the SCR Appraisal Panel for their assessment.

Stage 1 SCR Appraisal Panel Recommendation: Strategic Outline Case

- 5.20 The SCR Appraisal Panel reviews the technical analysis undertaken by the SCR Executive Team. The SCR Appraisal Panel then agrees what recommendation they will make to the appropriate Board; either to accept a project to the programme pipeline, defer the project for further work or to reject the project.
- 5.21 Dependent on the source of funding, the LEP Board, MCA or a Thematic Board will have ultimate oversight of which projects are invited to develop their business cases further. A VfM statement is submitted to the relevant board alongside other assessment information so that they are able to make a decision on which projects should be selected to further develop their business cases. In cases where the LEP or MCA have

funding oversight, Thematic Boards may be consulted during the Strategic Business Case assessment and selection process.

- 5.22 Once a project has been accepted onto the programme pipeline, the VfM Statement is published on the SCR website alongside a summary of the SOC. This is updated periodically to include links to the key documents for each project and a record of progress. The SCR Executive Team collects any external comments on these schemes, and these are considered as part of the appraisal process. Project sponsors are also required to publish their SOC's on their own websites (or an appropriate summary of the submission) and must consider all comments received and reflect this in the next stages of the application process (Outline Business Case and Full Business Case).

Stage 2 Submission: Outline Business Case

- 5.23 Having been accepted onto the programme pipeline, the project applicant or scheme promoter is required to develop the business case further. The aim of an Outline Business Case (OBC) is to:

- Identify the investment option which optimises value for money;
- Prepare a scheme for procurement; and
- Put in place the necessary funding and management arrangements for the successful delivery of the scheme.

Once an OBC has been developed there will be a clear understanding of the project plan, project management and governance arrangements, benefits realisation and risk management arrangements. Project assurance and post-project evaluation details will be fully worked-up.

- 5.24 The requirements at this stage are dependent on the nature, scale, risk and complexity of the project. For most small value cases (less than £500,000 total project value and offering a low level of risk), a project will go through a Business Justification Case (BJC) rather than require an OBC and Full Business Case (FBC). Small value projects which are complex or which present risk will require an OBC and FBC.
- 5.25 The OBC and FBC build on the foundations of the Strategic Business Case in that they provide considerably more detail on each of the five dimensions outlined in the HM Treasury Green Book guidance. The SCR Executive Team will provide guidance to project applicants and scheme promoters to assist them in developing an OBC and FBC, including DfT business case guidance for transport projects.
- 5.26 A series of gateway checks are in place to ensure that projects are developed to the appropriate standard at the right time, to enable informed decisions to be made by the appropriate Boards.
- 5.27 If agreed at programme level by the MCA, individual projects may be supported with their capital development costs to assist with timely progression of quality business cases. A proportion of total project costs may be released early at OBC stage (typically 2% of the total project cost) for capital scheme development, and/or at FBC stage (up to 10% of the total project cost) to support detailed design and other procurement costs and fees to progress the scheme. For Transforming Cities Fund (TCF) projects, the maximum amount of funding that would be available for early release is 12% of the scheme value. For all other projects, the maximum amount of funding that will be released early is 10%. This development funding is entirely subject to clawback if the project does not result in successful capital delivery over an agreed timeframe.
- 5.28 The five dimensions must ensure that all impacts of a project (monetised and non-monetised) are presented in the OBC and FBC for consideration. The OBC and FBC templates and guidance set out the basis for capturing impacts, including Optimism Bias. The Optimism Bias for transport projects is calculated in accordance with the DfT's Value for Money Advice Note for Local Transport Decision Makers.

- 5.29 It is essential that project applicants and scheme promoters agree the scope of costs and benefits before any substantive business case development is undertaken.
- 5.30 Project applicants and scheme promoters must also ensure that the commercial, financial and management arrangements are appropriate for effective delivery.
- 5.31 A fully developed OBC will have determined the preferred option, potential value for money, ascertained affordability and funding requirements and be preparing the potential deal which enables successful delivery. Once an OBC is fully developed it is submitted for appraisal.

Stage 2 Appraisal: Outline Business Case

- 5.32 An independent assessment is undertaken of all OBCs to quality assure and scrutinise the project as well as undertaking all necessary due diligence checks.
- 5.33 When technical expertise or specialist advice is required to appraise the project, the SCR Executive Team uses experts – the Central Independent Appraisal Team (CIAT) - to assist in appraising the Business Case. The SCR Executive Team ensures there is always a clear distinction and adequate separation between the scheme promoters and the decision makers.
- 5.34 Transport projects are subjected to a TAG compliant appraisal at this stage. An Appraisal Scoping Report template is used to assess such schemes, comprising the:
- Level of analytical detail to be applied to approve a scheme against overarching Government transport objectives and the rationale for this;
 - Modelling tools to be applied;
 - Alternative interventions to be considered; and
 - Timescales for business case development.
- 5.35 The SCR Assurance Team completes a Value for Money (VfM) Statement and submits the appraisal report and VfM Statement to the SCR Appraisal Panel for their assessment.

Stage 2 SCR Appraisal Panel Recommendation: Outline Business Case

- 5.36 The SCR Appraisal Panel reviews the technical analysis undertaken by the SCR Executive Team and CIAT (where applicable), along with the VfM Statement. The SCR Appraisal Panel then agrees what recommendation they will make to the Thematic Board; either to fully approve the project or defer the project for further work. At this stage it is still possible that an application could be recommended for rejection on the grounds of poor value for money (determined as having a final BCR rating of 1 or below and not offering sufficient non-monetised impacts) or presenting uncertainty or significant risk.
- 5.37 The Thematic Board can approve the Outline Business Case if it is within their delegated limit. Projects which exceed the delegation are endorsed by the relevant Thematic Board and then submitted to the MCA Board for approval. Exceptionally, a project may go directly to MCA for approval with the relevant Thematic Board being informed subsequently of the decision.
- 5.38 At OBC stage, the funding decision of the MCA (or Thematic Board with delegated authority) will be notionally allocated, subject to appropriate conditions being met within an agreed timeframe. All funding decisions are communicated in writing to project applicants.
- 5.39 Following approval of an OBC, it may be necessary to complete a range of statutory processes to ensure the project is actually ready to start. This could include for example, obtaining planning permission, initiating a Compulsory Purchase Order, or satisfying a number of conditions agreed as part of the OBC. Compliance

checks on any conditions of funding specified by the MCA, LEP or Thematic Board are then carried out by the SCR Executive Team.

Stage 3 Submission and Agreement: Full Business Case

- 5.40 Much of the work involved in producing the FBC focuses on revisiting and updating the conclusions of the OBC and documenting the outcomes of the procurement. The purpose of the FBC is to:
- Identify the procurement opportunity which offers optimum value for money;
 - Agree the commercial and contractual arrangements for the successful delivery; and
 - Put in place the detailed management arrangements for successful delivery.
- Any pre-contract conditions which were put in place as part of the OBC approval should be cleared during the development of an FBC.
- 5.41 Once this is completed the MCA, or Thematic Board if it is within their delegation limits, will be asked to grant authority to enter into a Funding Agreement.

Complaints and Appeals

- 5.42 All applicants for funding are made aware of the recommendations made by the SCR Appraisal Panel and the decision of the relevant approving Board, along with the rationale for the recommendations. Complaints can be made if due process has not been followed.
- 5.43 Decisions made by the SCR Mayor, MCA, LEP and Thematic Boards can be scrutinised by the SCR Overview and Scrutiny Committee. All decisions on funding must follow the appraisal process outlined above to be valid.
- 5.44 If a complaint is made, the MCA Chair and Monitoring Officer will convene an independent committee to review the issue and make a recommendation to the MCA/LEP Board as appropriate.
- 5.45 In any case where it is alleged that the MCA, LEP or Thematic Board is (a) acting in breach of the law, (b) failing to adhere to the process outlined in this Assurance Framework, or (c) failing to safeguard public funds, complaints are directed to the MCA's Monitoring Officer or their deputy. This includes complaints from stakeholders, members of the public or internal whistleblowers.
- 5.46 As the MCA is the accountable body for all funding decisions, the Monitoring Officer will address the allegation following the protocols set out in the [MCA Constitution](#).
- 5.47 If the MCA or LEP cannot resolve the issue to the complainant's satisfaction, and the complaint relates to funding allocated to the City Region, the issue may be passed to the relevant Government department (such as the MHCLG, or the Department for Transport (DfT)).

Conflicts of Interest and Decision-Making

- 5.48 At all stages of decision-making, the national guidance on registering conflicts of interest is adhered to. This includes any interests declared by members of the MCA, LEP and Thematic Boards, the SCR Appraisal Panel, and Statutory Officers. This is detailed in the [LEP Declarations of Interest Policy](#).
- 5.49 Each member of the MCA, LEP and Thematic Boards is required to declare their pecuniary and non-pecuniary interests (whether they are a member in their individual capacity or representing an organisation). Members are also responsible for reviewing and updating their register. This includes declaring any gifts or

hospitality received. Declarations of interest are also sought and recorded in the minutes of each MCA, LEP and Thematic Board meeting. The [Individual Register of Interest](#) forms and the [Register of Declarations Made at Meetings](#) are regularly updated and published on the SCR website.

- 5.50 Senior members of staff within the SCR Executive Team and Statutory Officers also complete and maintain an Individual Register of Interest and update it if and when circumstances change. These are also published on the [SCR website](#).

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6. Contract Management

- 6.1 Once a project is approved, contracts are issued and regular communication with the project applicant or scheme promoter is maintained throughout the project's lifetime.

Contracting

- 6.2 A Funding Agreement between the MCA and project applicant/scheme promoter sets out the conditions relating to the MCA's agreement to fund the project and the responsibilities of the MCA and applicant/scheme promoter.
- 6.3 The Funding Agreement specifies that grants and loans are capped, and applicants/scheme promoters bear the risk for all overspend on the project beyond the approved amount.

Payment Against Claims

- 6.4 Payment milestones are agreed with the project applicant/scheme promoter at the point of contract. The milestones depend on the complexity, cost and timescales of the project. This forms part of the programme management role of the MCA, which is subject to external audit.
- 6.5 Each grant claim is crosschecked against the approved project baseline information as part of the quarterly reporting processes.

Managing Contract Performance

- 6.6 The SCR Executive Team manages the delivery of the contract and works with the applicant/scheme promoter to monitor the project's progress and risks.
- 6.7 The SCR Executive Team is responsible for immediately addressing any slippages or concerns regarding project delivery and taking corrective action, including updating the Risk Register as necessary.
- 6.8 A change control process is in place to ensure that variations to an approved project are discussed with the project applicant and agreed with the SCR. Variations to a project are logged on the project's file and reported to the LEP, MCA and Thematic Boards when appropriate. Minor changes which do not alter the terms of the Funding Agreement can be agreed between the project applicant and SCR Executive Team. The relevant Board is however, notified of any changes that are contrary to the terms of the Funding Agreement, such as changes to a project's income, expenditure or output profile.
- 6.9 Where there is significant underperformance or cause for concern, a project will be referred back to the MCA, LEP or Thematic Boards for a decision.

Clawback

- 6.10 The Funding Agreement includes a mechanism for clawback. This ensures that funding is only spent on the specified project and linked to the delivery of outputs and outcomes, whilst giving the MCA and LEP the option of clawing back funds for poor performance or misuse of funds.

7. Measuring Performance and Success

- 7.1 Monitoring and measuring the performance of projects and programmes provides important lessons which are used to improve future decision-making. This increases the likelihood of successful delivery of future projects.

SCR Monitoring and Evaluation Framework

- 7.2 A comprehensive monitoring and evaluation framework is in place which has been designed in accordance with HM Treasury's Magenta and Green Book principles and other monitoring and evaluation guidance.
- 7.3 The SCR Monitoring and Evaluation Framework sets out how projects and programmes including devolved funds such as AEB and TCF will be assessed both during their delivery and post-delivery phases, to understand the inputs, outputs and impacts of investment made in the Sheffield City Region. The framework outlines in detail the processes in place to enable the SCR Executive Team to gather robust feedback on delivery performance and identify the lessons learnt from projects and programmes and any best practice that can be applied to future activity, programmes and policy.
- 7.4 The framework sets out several logic models, and identifies the performance metrics and indicators that are used to assess the impact of a project or programme and its contribution to delivering the SEP objectives and priorities for economic growth, inclusion and sustainability, and how they will contribute to SEP targets for outputs and outcomes.
- 7.5 The SEP includes a broad range of economic, social and environmental indicators that new MCA and LEP funded schemes and projects will be measured against. The SEP indicators are also used to regularly track the overall performance and health of the SCR economy. This quantitative data helps to inform the development of new schemes and interventions to address weaknesses and challenges in the local economy.
- 7.6 The process for monitoring and evaluating project and programme performance is summarised in the sections below.

Monitoring

- 7.7 All project applicants/scheme promoters and AEB delivery partners are required to provide regular financial and delivery information to the SCR Executive Team. The SCR's Programme and Performance Unit maintain oversight of contract delivery, through regular contact with applicants, scheme promoters and delivery partners including site visits where appropriate. The Unit gathers information and data to ensure that a robust audit trail is in place.
- 7.8 The applicant/scheme promoter and AEB delivery partner submits quarterly reports to the SCR Executive Team. All quarterly reports are signed-off by the Section 73 Officer and LEP Board. This enables the MCA and LEP to fulfil their duties on reporting and accounting for public monies.
- 7.9 Project Applicants/scheme promoters and AEB delivery partners are responsible for informing the SCR Executive Team of any changes to the scope, costs and implementation timescales for their project. The SCR Executive Team assesses the impact of any changes on the overall programme, budget and expenditure. Cost increases or financial slippage are reported to the appropriate Board where necessary. The MCA does not guarantee that it will meet any cost increases either in full or in part.

- 7.10 The SCR Executive Team presents Quarterly Monitoring Reports on project and programme delivery, including AEB, to the MCA, LEP and relevant Thematic Board. This ensures that LEP members are informed of progress on projects and are sighted on any issues that will result in financial slippage or underperformance.
- 7.11 Quarterly reports on project and programme performance are also submitted to MHCLG.
- 7.12 Following devolution of the AEB in 2021/22 academic year, the MCA will submit an annual report to Government each January on the delivery of AEB functions from the previous academic year to date including:
- SCR policies for adult education
 - Expenditure against AEB
 - Data analysis of AEB delivery in South Yorkshire

Evaluation

- 7.13 The frequency and type of evaluation conducted, depends on the contract value, duration and complexity of the project. Pilot projects and major schemes such as AEB and TCF, are subject to more extensive evaluation. As a minimum, all projects are expected to be evaluated on impact to ascertain whether the project's objectives, outputs and outcomes were achieved and the reasons and results of any under or over performance.
- 7.14 The SCR Executive Team procures external evaluation of LEP funded programmes and major projects including LGF, AEB and TCF through an open and competitive process to evaluate the impact of specific funding streams, significant investments and pilot projects.
- 7.15 Project applicants/scheme promoters are responsible for ensuring all other projects are evaluated, and that adequate resource is allocated to undertake the agreed evaluation.
- 7.16 Project evaluation provides accountability for the investment made. It also provides local evidence on which to base future projects and programmes. The SCR Executive Team reviews the results of the evaluation against the objectives of the project as set out in the business case and Funding Agreement and the most appropriate counterfactual. Evaluation results for all projects are published on the SCR website.
- 7.17 Where there is a variation between a project's objectives and its outcomes, the SCR Executive Team works with the promoter to agree corrective action. If the corrective action is unsuccessful, clawback clauses in the Funding Agreement can be invoked as a final resort and to secure the desired outcomes via alternative measures.
- 7.18 The SCR Executive Team compiles a summary report for the MCA of all projects that have completed during the previous quarter. This report confirms whether the project has delivered against its spending profile and achieved the outputs and objectives in the Funding Agreement. The report also recommends whether each project can be closed.
- 7.19 As part of the annual report to Government on the delivery of AEB functions from the previous academic year to date, the MCA will also provide an update on interim evaluation findings on the impact that AEB has had in South Yorkshire. These findings will be derived from qualitative data such as employer and learner survey responses and quantitative data on the take-up of AEB funded provision in South Yorkshire and improvements in participation, progression and attainment in statutory and non-statutory training.

8. Inclusive and Collaborative Working

- 8.1 The strength and success of the Sheffield City Region (SCR) partnership is founded on good governance and partner collaboration. Collaboration and a true partnership approach have been a cornerstone of the MCA and LEP achieving what they have to date. This collaboration is resulting in a focused programme of engagement; designed to accelerate the delivery of the SCR SEP and harness the City Region's latent potential.

The LEP Network

- 8.2 The LEP is an active member of the national LEP Network and is committed to developing and sharing best practice with the LEP Network and its members. The LEP is also committed to learning and embedding the best practice of other LEPs within the Sheffield City Region.

Collaboration with Other LEPs, Metro Mayors and the Northern Powerhouse

- 8.3 The SCR Mayor, MCA and LEP are committed to working in collaboration with other LEPs, Mayoral Combined Authorities and the Northern Powerhouse to pool knowledge and resource and enhance the effectiveness, transparency, decision-making and leadership in local economic development.
- 8.4 SCR has achieved the following by working across geographical borders:
- Led a trade delegation to India in conjunction with NP11 members (the 11 LEP areas in the Northern Powerhouse) and led the NP11's presence and programme at MIPIM 2020;
 - Collaborated with Transport for the North (TfN) and LEPs across the North of England to inform the development of TfN's Strategic Transport Plan. TfN also contributed to the development of the SCR Transport Strategy and SCR Integrated Rail Action Plan;
 - Worked in partnership with the Metro Mayors (M9) on an Air Quality Summit and joint lobbying to Government for increased powers and funding;
 - Agreed a Collaboration Framework with D2N2 LEP to share data and manage activities, projects and communications in the former geographical overlap area;
 - Employed a dedicated officer within the SCR Growth Hub to engage with businesses and relevant officers in the D2N2 LEP area to ensure they receive a clear and coherent package of support;
 - Invested £5m of the SCR Growth Deal allocation in upgrading the Midland Main Line at Market Harborough, in conjunction with the D2N2 and the Leicester and Leicestershire LEPs;
 - Completed a wave 1 Science and Innovation Audit with the Lancashire Partnership around shared sectoral strengths; and
 - Learnt from and shared best practice with the HS2 Places Group and worked with the Leeds City Region on proposals for a parkway station, and the Eastern Network Partnership on HS2 route 2b.

Engaging with Other Partners

- 8.5 Regular meetings are held with partners to ensure an open and two-way dialogue on activity being undertaken across the City Region, and to discuss the development of strategies and progress in delivering the SEP priorities and objectives. These meetings take place with business representative organisations, including the Chambers of Commerce, Federation of Small Business, CBI, Institute of Directors and Make UK (formerly known as the EEF), as well as Sector Group Chairs, local authority partners and the universities.
- 8.6 A programme of engagement events is also held with partners across the City Region. Typically, these events are thematic based, and are used to obtain input and feedback from partners to inform the City

Region's policies, strategies and project formulation. These engagement events are advertised on the SCR website and social media channels and through partners such as the business representative organisations.

8.7 Examples of collaboration with partners and agencies have included:

- Establishing a SCR Policy Advisory Group to share and pool economic evidence and data to inform the development of the new SEP;
- Having representation on the Northern Powerhouse Investment Fund Board;
- Playing an active role in the north of England Growth Hub network, which is designed to share best practice;
- Playing an active part of the national network established for the devolution of the Adult Education Budget (AEB). The LEP has led the work around data analysis/labour market intelligence and the contractual arrangements for the operation of the AEB in a devolved model; and
- Developing a strong working relationship with Department for International Trade (DIT) on the Northern Powerhouse agenda, including trade missions and having three exciting investment propositions showcased through the Northern Powerhouse Investment portfolio/pitchbook.

8.8 Local and national partners have been, and will continue to be, fully engaged throughout the development phase of AEB devolution. A Skills Advisory Panel brings together employers and further and higher education institutions from the Sheffield City Region with representatives from the Department for Education and the Department for Work and Pensions. The Panel will assist in the identification and setting of the processes and priorities for AEB funding awards, and monitoring and evaluation of AEB delivery.

Engaging with the Public

8.9 The MCA publishes a plan on key decisions that will be taken by the SCR at least 28 days before the decision is due to be made. The [Forward Plan of Key Decisions](#) includes decisions that have a financial implication (such as a major project or strategy) and decisions which impact on two or more local authority areas. The plan is refreshed and published on the SCR website every month and it enables members of the public to view information on decisions before they are made so that they can comment on them.

8.10 The plan provides brief information on the project, programme or strategy, the date the decision will be taken, the lead officer's contact details and information on how to access any relevant reports (subject to restrictions on their disclosure).

8.11 The SCR website also explains how members of the public can request information as well as providing feedback and submitting questions for MCA meetings.

8.12 The LEP holds an Annual General Meeting (AGM) each year which is open to the public and publicised through the SCR website and social media networks and press.

8.13 The MCA holds its AGM in June each year.

Formal and Public Consultation

8.14 In accordance with the MCA's statutory obligations, the SCR Executive Team undertakes a public consultation exercise when revising or developing a new strategic document. The consultation period runs for between 6 and 12 weeks. Information on the consultation is posted on the homepage of the SCR website with a draft document and details of how to submit views, comments and supporting evidence electronically and by post. Information on any scheduled consultation events are also displayed.

- 8.15 Comments and evidence submitted by partners and individuals during the public consultation period are logged, analysed and categorised, with records kept on how the final draft of the strategy has been amended to reflect the comments and evidence received.
- 8.16 In 2018, the public were consulted on the draft SCR Transport Strategy and in 2020, the public will be consulted on the new SEP.

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9. Publishing Information

- 9.1 The SCR Mayoral Combined Authority (MCA) is subject to the same Transparency Code that applies to local authorities. To deliver the responsibilities under the code, SCR has developed a robust, but proportionate, approach to sharing and publishing information so that it is accessible to the public.

Access to Information

- 9.2 The MCA Constitution includes a publication scheme which sets out how and when agendas, minutes, papers and other documents produced by the MCA, LEP and SCR Executive Team will be made available to the public. It also sets out any exceptions to publishing information, such as not disclosing information that is prohibited by law or which is exempt under the Local Government Act 1972 Schedule 12A or Freedom of Information Act 2000.
- 9.3 The [SCR Publication Scheme](#), which applies to both the Local Enterprise Partnership (LEP) and MCA, is published on the SCR website. MCA, LEP and Thematic Board papers clearly state whether the paper will be published under the Publication Scheme and whether any exemptions apply.
- 9.4 The MCA is subject to the Local Government Act 1972, Freedom of Information Act 2000, Data Protection Acts of 1998 and 2018, the General Data Protection Regulations (GDPR) and the Environmental Impact Regulations 2004. As Accountable Body, the MCA fulfils these functions on behalf of the LEP.
- 9.5 The public are made aware of their right to access information through the SCR website. Requests for information are dealt with in accordance with the relevant legislation and information is not unreasonably withheld. The SCR Executive Team elects to publish more information on activities and decisions than is stipulated in Government guidance, so that Freedom of Information requests are less necessary.
- 9.6 All data supplied to the MCA, LEP and SCR Executive Team, including personal, financial, confidential and sensitive information is processed and handled in line with data protection legislation. Personal information is stored securely to maintain privacy. This process is detailed in the [SCR Privacy Policy](#).

SCR Website

- 9.7 Core information regarding activity being undertaken by the MCA, LEP and SCR Mayor is available on the SCR website. The website has been designed to be easy to navigate and to enable members of the public to locate and download information on decisions and activities.
- 9.8 The SCR website is structured into the following sections:
- **Investors** – this section is targeted at potential inward investors and contains information on the portfolio of land available for investment and the Enterprise Zone locations in the City Region;
 - **Business** – this section is aimed primarily at indigenous businesses and explains the schemes and initiatives available to support businesses to start-up, thrive and grow, including the SCR Growth Hub;
 - **Governance** – this is a dedicated section on how the City Region functions, including sub-sections on the SCR Board structure and Board membership (Who We Are), LEP and MCA policies, procedures, processes, decision-making and expenditure (How We Make Decisions), agendas and papers for meetings of the different Boards (Meetings), statutory notices on the Mayoral Election (Democracy and Elections) and the LEP Board Recruitment process and vacancies;

- **What We Do** – this section provides information on the SEP, thematic priorities, public consultations on draft SCR strategies, mini-portfolios on LEP funded projects and initiatives and a resources library of key documents and policies; and
- **Mayor** – this section contains information on the elected SCR Mayor including the SCR Mayor’s role, powers, priorities and plans.

Meeting Papers

- 9.9 The schedule of MCA Board, LEP Board, Audit and Standards Committee and Overview and Scrutiny Committee meetings for the calendar year ahead are published on the SCR website.
- 9.10 The notice of the meeting, the agenda and accompanying papers are published five clear working days in advance of the meeting. Where papers contain commercially sensitive information or are subject to one of the exemptions under the Local Government Act 1972 Schedule 12A or Freedom of Information Act 2000, they are not published and are categorised as a private item. Decisions on whether individual agenda items are private items are made by the LEP Chair in consultation with the SCR’s Head of Paid Service and Monitoring Officer using existing local authority regulations.
- 9.11 Draft minutes of meetings are published no more than ten working days after the meetings on the SCR website. All MCA minutes are signed at the same or next suitable meeting of the Authority and published within ten clear working days.

Notice of Decisions

- 9.12 As stated in previous sections, the MCA publishes a Forward Plan of Key Decisions that will be taken by the MCA, LEP or Thematic Boards at least 28 days before the decision is made to enable members of the public to view and comment on them.
- 9.13 Details of all project approvals made by the MCA, LEP and Thematic Boards are recorded in the Minutes of the meetings. In addition, the SCR Executive Team maintains and publishes a [Grants and Contracts Register](#) on the SCR website which provides details of all contracts and agreements signed, a brief summary of the project, and the value of the contract.
- 9.14 A Delegated Authority Report for decisions taken by each Thematic Board is produced for the MCA which documents all decisions that the Board has taken, including any approval they have given to projects within their delegated authority limit (up to £2 million) and any endorsement, deferment or rejection of projects that exceed their delegation. Delegated Authority Reports is a standing agenda item for discussion at each MCA meeting and they are published in the meeting paper pack on the SCR website.

Information on Board Members

- 9.15 The following information on LEP and MCA Board Members is published on the SCR website:
- Biography – including name, job title, organisation represented, membership of Committees and any lead roles;
 - Individual Register of Interests;
 - Declarations at Meetings;
 - Attendance Record;
 - Gifts and Hospitality Record; and
 - Term of Office

- 9.16 LEP Board members are not remunerated. Members are entitled to claim back travel and subsistence costs incurred whilst undertaking duties and responsibilities on behalf of the LEP. The SCR Executive Team publishes details of all expenses and subsistence claimed by LEP Board Members and authorised by the Head of Paid Service in [Quarterly Expenses Reports](#).
- 9.17 The SCR Executive Team also publishes [Quarterly Gifts and Hospitality Reports](#) which summarise any gifts or hospitality accepted and received by LEP Board members with a notional or actual value that exceeds £50. Gifts and hospitality are also recorded in each LEP Board Members' Individual Register of Interest.

Financial Information

- 9.18 A range of budgetary and financial information is published on the SCR website so that it is transparent and accessible to the public.
- 9.19 MCA, Mayoral and LEP budgets are set prior to the start of the financial year within the Budget and Policy Framework. As the Accountable Body, the MCA is responsible for setting and approving the annual budgets for the organisations within the SCR structure. This includes approving the transport revenue budget for the South Yorkshire Passenger Transport Executive (SYPTTE), setting the transport levy and approving the LEP's capital and revenue budget.
- 9.20 The MCA is also responsible for agreeing an annual programme of capital expenditure, together with proposals for the financing of that programme. This includes projects promoted by both the MCA and those directly managed by SYPTTE.
- 9.21 Quarterly updates on the performance of the LEP capital and revenue programmes are provided to the MCA and LEP Boards and these are published in meeting papers.
- 9.22 As stated previously in this section, funding decisions are also published on the SCR website in the [Grants and Contracts Register](#). Payments to general suppliers that have a value of more than £250 are published every month in the SCR [Payments Made to Suppliers](#) register.
- 9.23 The LEP's finalised capital and revenue income and expenditure is published every year as part of the [SCR Group Accounts](#) (incorporating the MCA, LEP and SYPTTE). The draft accounts are considered by the MCA and LEP Boards in June/July each year. The finalised accounts which include the [Annual Governance Statement](#), are published alongside the [Independent Audit Certificate](#) for the financial year.
- 9.24 The roles and salary bands of all staff employed in the SCR Executive Team which exceed £50,000 per annum are also published on the SCR website.

Procurement and Funding Opportunities

- 9.25 The SCR Executive Team publishes calls for projects on a regular basis on the SCR website and through the SCR's social media feeds. The application templates and guidance documents for each commissioning call are available via the SCR website. Calls for ESIF funded activity are also advertised on the www.gov.uk website.
- 9.26 An open and competitive procurement process is in operation. When undertaking any procurement, all Boards, officers and staff must comply the SCR Contract Procurement Rules. Opportunities to supply goods and services to the SCR are advertised on the [YORtender](#) website with a link from the SCR website.
- 9.27 Information on how businesses can access advice and support services, including applying for grant-funded programmes, is advertised in the [Business](#) section of the SCR website.

Branding

- 9.28 In accordance with European Funding and Local Growth Fund branding guidance, the SCR Executive Team ensures that the correct logos and wording are displayed in all promotional materials for SCR funded projects and programmes. Promotional materials include the SCR website, websites of SCR and project applicants/scheme promoters, signage, social media posts, press notices and marketing literature.

LEP Delivery Plan

- 9.29 The LEP publishes an Annual Delivery Plan and End of Year report in April each year.
- 9.30 The SCR Annual Delivery Plan outlines the LEP's priorities and planned activities for the coming year including developmental work and any public consultation that is expected to take place.
- 9.31 The End of Year report provides an assessment of the LEP's activity and achievements against the Annual Delivery Plan and an assessment of how the SCR economy has changed over the course of the year. This sets the baseline economic position to measure future performance against.

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Glossary of Terms

AEB	Adult Education Budget
AGM	Annual General Meeting
BCR	Benefit Cost Ratio
BMBC	Barnsley Metropolitan Borough Council
CIAT	Central Independent Appraisal Team
D2N2	Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership
DfE	Department for Education
DfT	Department for Transport
DIT	Department for International Trade
DMBC	Doncaster Metropolitan Borough Council
FLUTE	Forecasting the interactions of Land-Use, Transport and Economy
LEP	Local Enterprise Partnership
LGF	Local Growth Fund
LTA	Local Transport Authority
MCA	Mayoral Combined Authority
MHCLG	Ministry of Housing, Communities and Local Government
OBC	Outline Business Case
R&D	Research and Development
RMBC	Rotherham Metropolitan Borough Council
SOC	Strategic Outline Case
SCC	Sheffield City Council
SCR	Sheffield City Region
SCRTM1	Sheffield City Region Transport Model 1
Section 73	Equivalent to a Section 151 Officer
SEP	Strategic Economic Plan
SYPTTE	South Yorkshire Passenger Transport Executive
TAG	Transport Appraisal Guide (formerly known as WebTAG)
TCF	Transforming Cities Fund

Appendix A: Summary of LEP Policies

The Sheffield City Region (SCR) is strongly committed to putting in place robust decision-making and financial management policies and procedures to ensure that public money is being spent responsibly and is accounted for.

Each year, the suite of LEP policies are reviewed and refined in an effort to continually improve governance and accountability. The LEP's policies are listed below and published on the SCR website at <https://sheffieldcityregion.org.uk/about-us-governance-policy/how-we-make-decisions-2/>.

LEP Terms of Reference

The [LEP Terms of Reference](#) outlines the role and aims of the LEP Board and the duties of LEP Board members. It also details the LEP's Board member recruitment and appointment process, the roles of the Chair and Deputy Chair, and the decision-making process.

LEP Board Recruitment

The [LEP Board Appointment Process](#) explains how vacancies on the LEP Board will be openly advertised, and how Board appointments will be made by a LEP Appointments Panel in a transparent, competitive and non-discriminatory way.

Equality and Diversity

The LEP's commitment and approach to ensuring equality and diversity is detailed in the [LEP Diversity Policy](#). The policy covers recruitment and selection and all engagement with individuals and organisations. The policy also outlines the LEP Board's commitment to nominating a LEP Board member to act as Diversity Champion. The policy applies to LEP Board members, the SCR Executive Team and any Thematic Board members.

Code of Conduct

All LEP Board members proactively sign-up to the [LEP Code of Conduct](#) when they are appointed to the Board, as a condition of their appointment. The Code of Conduct explicitly requires LEP Board members to conform with the Seven Principles of Public Life (Nolan principles) – selflessness, integrity, objectivity, accountability, openness, honesty and leadership. SCR staff are required to sign the employee's Code of Conduct as a condition of their employment which requires them to carry out their duties in accordance with the Nolan principles.

Remuneration and Expenses

LEP Board members are not remunerated. Members are entitled to claim back travel and subsistence costs incurred whilst undertaking duties and responsibilities on behalf of the LEP. The [LEP Expenses Policy](#) explains the requirement for travel and subsistence to be pre-approved by the Head of Paid Service prior to being incurred and the process for claiming expenses.

Gifts and Hospitality

LEP Board members are required to notify the Head of Paid Service in writing of all offers of hospitality and gifts received with a value of more than £50. The [LEP Gifts and Hospitality Policy](#) aligns with Local Authority systems and standards on accepting and declaring gifts. The policy also applies to the SCR Executive Team and any Sub-groups involved in advising on or making decisions.

Conflicts of Interest

The [LEP Declarations of Interest Policy](#) requires all LEP Board members and senior officers to complete and maintain an up to date Register of Declarations to avoid any conflicts of interest when advising on, or making decisions.

Whistleblowing

The [LEP Whistleblowing Policy](#) provides information on how concerns about the LEP, LEP Board members and the SCR Executive Team should be raised, how the concerns will be handled and how concerns will be dealt with sensitively and in confidence.

Complaints

The [LEP Confidential Complaints Policy](#) explains how complaints about the LEP, LEP Board members and the SCR Executive Team should be submitted and how complaints will be dealt with and responded to.

Data Management

The [LEP Privacy Policy](#) explains to the general how and why the SCR collects and uses information provided by service users and members of the public. This includes data that is provided to the SCR via the SCR's websites, information provided to SCR funded services and projects (e.g. Growth Hub, Skills Bank, Working Win) and data provided over the telephone. The policy ensures that the LEP and SCR Executive Team will only process data in a legally-compliant way, and that personal information will be handled in confidence and stored securely to maintain privacy.

Appendix B: Joint Statement from LEP and MCA

This Memorandum of Understanding (MoU) sets out the respective roles and responsibilities of the Sheffield City Region (SCR) Mayoral Combined Authority (MCA) and the SCR Local Enterprise Partnership (LEP). It has been produced to provide clarity on how decisions on public funds are made within the Sheffield City Region.

Roles

The MCA is the legal and Accountable Body for funding devolved by Government to the MCA and LEP, including the Growth Deal. The MCA is also the Local Transport Authority for South Yorkshire.

The LEP is a voluntary business-led partnership which drives economic growth and advises how LEP funding should be invested in developing and growing the SCR economy.

The SCR Mayor is directly elected by the electorate in South Yorkshire to lead the SCR and to promote it as a place to live, work and invest in. The SCR Mayor is Chair of the MCA and is a member of the LEP Board.

Responsibilities

The Mayoral Combined Authority is required to:

- Approve the LEP annual capital and revenue budgets prior to the start of the financial year, in discussion and agreement with the LEP;
- Test the value for money of proposed projects for LEP funding;
- Ensure that the legal duties of the MCA as the LEP's Accountable Body, operate in a responsible and transparent manner; and
- Inform the LEP of any operational decisions made.

The Local Enterprise Partnership is required to:

- Produce and publish the Strategic Economic Plan (SEP);
- Support the Mayor in producing the Local Industrial Strategy;
- Accept proposed projects onto the programme pipeline;
- Advise the LEP on decisions of how the capital and revenue budgets allocated to the LEP are prioritised and spent;
- Ensure that decisions on proposed projects are aligned with the objectives of the SEP and based on value for money assessments; and
- Oversee the delivery of LEP funded programmes.

Operating Practices and Policies

The MCA and LEP will be served by a central team of impartial staff (the SCR Executive Team) who will provide advice and report on financial information and programme delivery to both the MCA and LEP Boards.

The MCA and LEP agree to conform with the Seven Principles of Public Life (Nolan principles) – selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

The MCA and LEP are opposed to all forms of unlawful, unfair and inappropriate discrimination, and commit to provide equality and fairness to all those who wish to work with them and to not act less favourably on the grounds of any protected characteristic.

Amendments

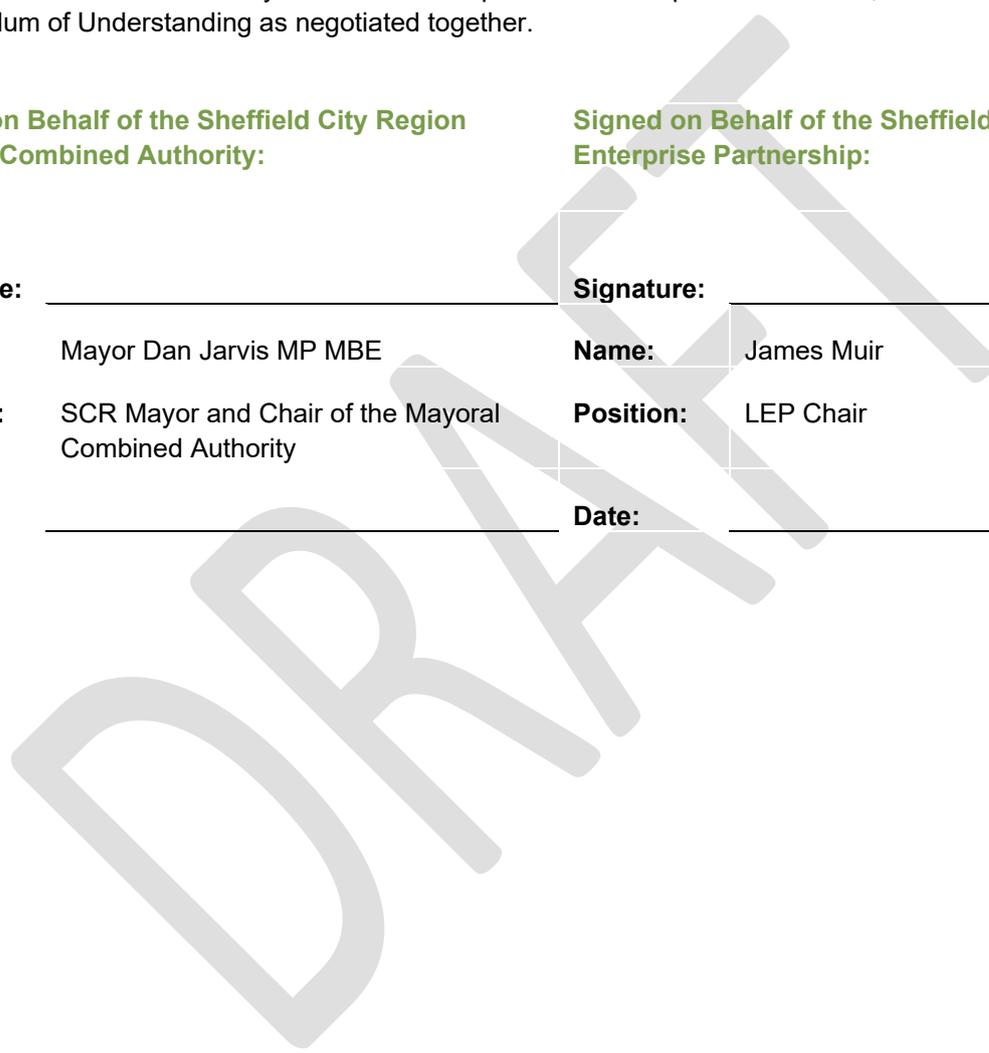
This MoU can be amended at any time with agreement of both the MCA and LEP.

The Mayoral Combined Authority and Local Enterprise Partnership affirm to know, understand and agree to this Memorandum of Understanding as negotiated together.

**Signed on Behalf of the Sheffield City Region
Mayoral Combined Authority:**

**Signed on Behalf of the Sheffield City Region Local
Enterprise Partnership:**

Signature:	_____	Signature:	_____
Name:	Mayor Dan Jarvis MP MBE	Name:	James Muir
Position:	SCR Mayor and Chair of the Mayoral Combined Authority	Position:	LEP Chair
Date:	_____	Date:	_____



**Sheffield
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1st June 2020

Decisions & Delegated Authority Report

Purpose of Report

This paper updates the Mayoral Combined Authority on

- Decisions and delegations made by the MCA
- Decisions and delegations made by Thematic Boards

Thematic Priority

All.

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

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

Recommendations

Members are asked to note the decisions and delegations made.

Appendix A provides details of the delegations agreed by the MCA, which are in addition to those made under the Scheme of Delegation.

Appendix B provides details of decisions taken under the delegation made to Thematic Boards and the subsequent delegations made to officers where appropriate. In accordance with Combined Authority's Constitution/Terms of Reference for the Board, Board decisions have been ratified by the Head of Paid Services (or their nominee) in consultation with the Chair of the Board.

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Telephone	0114 220 3000

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: n/a

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UI	Decision Maker	Date of delegation	Decision	Delegation	Delegated to	Financial value	Update	Status
038	MCA	17th July 2017	Devolution - Early Intervention Pilot Acceptance	Acceptance of grant offer on behalf of the Authority, after considering acceptable all the terms and conditions imposed by the grant awarding body.	Finance Director	Not stated	The Pilot is currently on pause so we haven't formally accepted any grant.	Active
043	MCA	30th October 2017	One Public Estate and Land Release Fund	Sign off of any final bid document and approve the operationalising of the bid subject to it being success, including contracting with third parties.	Sign Off - Head of Paid Service and S73 Officer Bid - Head of Paid Service	£681k minimum (OPE) and £450k (LRF) minimum	Bid submitted. Funds received. Contracts being developed for individual projects. 2 project now in contract, 3 projects in contracting progress.	Active
047	MCA	9th March 2018	The appointment of Creative Space Management Ltd as the preferred Facilities Management provider for the AMP Technology Centre for 5 years from the 1st April 2018 and the reinvestment of £135,000 per year for three years of the revenue generated from the AMP Technology Centre, to fund a Programme Director and activity budget to accelerate the development of the Advanced Manufacturing Innovation District	Enter into the contractual arrangements	Head of Paid Service in consultation with the S.73 Officer	Undisclosed	Entered into contract with Creative Space Management LTD and have reporting arrangements in place to oversee the operation of the AMP Technology Centre. Contract is operating effectively. Programme Director contract now in place.	Active
049	MCA	11th June 2018	LGF programme change requests 360 Media	Enter into contractual arrangements	Head of Paid Service, in conjunction with the Section 73 Officer	c.£4.1m	Sponsor withdrew project due to change of scope, funding. Project returned to the pipeline	Active
055a	MCA	17th December 2018	LGF Programme - Capital Programme Progression of Gulliver's Valley to full approval and award of £1.5m (£0.4m grant and £1.1m loan) to Gulliver's Valley (Weavers Close Ltd) subject to the conditions set out in the Appraisal Panel Summary	Enter into the contractual arrangements required	Head of Paid of Service, in conjunction with the Section 73 and the Monitoring Officer	£1.5m (£0.4m grant and £1.1m loan)	Update May 2020 - Agreement by Statutory Officers to extend loan repayment term	Active
055c	MCA	17th December 2018	LGF Programme - Capital Programme Progression of Yorkshire Wildlife Park to full approval and award of £5m loan to Wild Life Group Ltd. subject to the conditions set out in the Appraisal Panel Summary	Enter into the contractual arrangements required	Head of Paid of Service, in conjunction with the Section 73 and the Monitoring Officer	£5m loan	Update May 2020 - Agreement by Statutory Officers to extend loan repayment term by 1 year to 2025.	Active
056	MCA	17th December 2018	LGF Investment Approval The increase in the Housing Fund allocation held in the SCR Property Intervention Holding Company by up to £15m subject to conditions	Enter into contractual arrangements	Head of Paid Service, in conjunction with the Section 73 Officer	£15m	Increased allocation not yet applied and now unlikely.	Active
060a	MCA	28th January 2019	LGF Programme - Capital Programme Progression of Doncaster Sheffield Airport Passenger Capacity Expansion Car Park to full approval and award of £3.5m loan to Doncaster Sheffield Airport Limited subject to the conditions set out in the Appraisal Panel Summary	Enter into the contractual arrangements required	Head of Paid Service and Section 73 Officer in conjunction with the Monitoring Officer	£3.5m loan	Update May 2020 - Agreement by Statutory Officers to extend loan repayment term	Active
069	MCA	3rd June 2019	LGF Investment Approval Progression of UK Atomic energy project to full approval and award of up to £2.2m grant to UK Atomic Energy Authority subject to the conditions set out in the Appraisal Panel Summary Table.	Enter into the contractual arrangements required	Head of Paid of Service, in conjunction with the Section 73 and the Monitoring Officer	£2.2m	Funding agreement Signed. All conditions satisfied	Active
078	MCA	29th July 2019	Progression of the Digital Engineering Skills Development Network to full approval and award of up to £3.713m grant to Sheffield College subject to the conditions set out in the Appraisal Panel Summary	Enter into the contractual arrangements required	Head of Paid of Service, in conjunction with the Section 73 and the Monitoring Officer	£3.713m	Contract in place.	Active

UI	Decision Maker	Date of delegation	Decision	Delegation	Delegated to	Financial value	Update	Status
081	MCA	23rd September 2019	LGF Contract Variation - Upper Don Valley Flood Alleviation Scheme - to re-profile £2.3m of LGF expenditure.	Change financial profile to move £2.3m to 20/21.	Head of Paid of Service, in conjunction with the Section 73 Officer and the Monitoring Officer	£2.3m	Contract Variation signed 09/04/2020	Active
097	MCA	18th November 2019	LGF Investment Approval Approves the progression of Rotherham Town Centre to full approval and award of £3.9m to Rotherham Borough Council subject to the conditions set out in the Appraisal Panel Summary Table	Enter into legal agreements	Head of Paid of Service, in conjunction with the Section 73 and the Monitoring Officer	£3.9m	Funding agreement signed. All conditions satisfied. (23/03/2020)	Active
098	MCA	18th November 2019	LGF Investment Approval Approves the progression of M1 Junction 37 Ph2 – Economic Growth Corridor (Claycliffe) to full approval and award of up to £10.6m to Barnsley Metropolitan Borough Council subject to the conditions set out in the Appraisal Panel Summary Table	Enter into legal agreements	Head of Paid of Service, in conjunction with the Section 73 and the Monitoring Officer	up to £10.6m	Contract in development - change request awaited	Active
102	MCA	27th January 2020	LGF Investment Approval Approves the progression of Doncaster Sheffield Airport Passenger Capacity Expansion to full approval and award of £5.02m loan to Doncaster Sheffield Airport Limited subject to the conditions set out in the Appraisal Panel Summary	Enter into legal agreements	Head of Paid Service in consultation with the s73 and Monitoring Officer	£5.02m loan	Loan Facility Agreement signed by both parties 23/03/2020	Active
103	MCA	27th January 2020	LGF Investment Approval Approves the progression of A630: Westmoor Link Road to full approval and award of up to £5m grant to Doncaster Metropolitan Borough Council subject to the conditions set out in the Appraisal Panel Summary	Enter into legal agreements	Head of Paid Service in consultation with the s73 and Monitoring Officer	up to £5m grant	Contract agreed first claim submitted	Active
104	MCA	27th January 2020	LGF Investment Approval Approves the progression of Digital Innovation Hub to full approval and award of up to £2.59m grant to Barnsley College subject to the conditions set out in the Appraisal Panel Summary	Enter into legal agreements	Head of Paid Service in consultation with the s73 and Monitoring Officer	up to £2.59m grant	Contract agreed, first claim submitted.	Active
105	MCA	27th January 2020	Contract Award - BSW Provision of Cleaning Services the award of an up to 4 year contract (3 years plus 1 year extension) in excess of £100,000 for the Provision of Cleaning Services at Sheffield City Region Offices.	Approve the award	Head of Paid Service	excess of £100,000	Contract in Development. Start dated delayed due to Covid-19.	Active
106	MCA	15th April 2020	Progressing the South Yorkshire Devolution Deal: Summary of the Public Consultation	Take forward and conclude the legal steps necessary to implement the Devolution Deal including consenting on behalf of the Authority to the enabling Powers Order, provided that such Order corresponds to the proposals contained in the Governance Review and Scheme, agreed by the MCA in January	Head of Paid Service in consultation with the Mayor and the MCA Members from the Constituent Authorities	N/A	In progress.	Active

UI	Decision Maker	Date of delegation	Decision	Delegation	Delegated to	Financial value	Update	Status
075	Business Board	17th July 2019	LGF Investment Approval Award of £100,000 grant to Company 101 subject to the conditions set out in the Appraisal Panel Summary	Enter into legal agreements	Head of Paid of Service, in conjunction with the Section 73 and the Monitoring Officer	£100,000	Funding agreement Signed Pre-agreement conditions satisfied All Pre-Drawdown conditions outstanding	Active
076	Business Board	17th July 2019	LGF Investment Approval Award of £167,252 grant to Company 102 subject to the conditions set out in the Appraisal Panel Summary	Enter into legal agreements	Head of Paid of Service, in conjunction with the Section 73 and the Monitoring Officer	£167,252	Funding agreement Signed All conditions satisfied	Active
079	Skills & Employment Board	6th August 2019	The progression of ' From teenagers to employee – A Sheffield City Region, engineering and advanced manufacturing talent pipeline creator ' project to full approval and award up to £0.495m grant to Sheffield UTC Sheffield subject to the conditions set out in the Appraisal Panel Summary subject to the value for money calculation being re-run with the omission of adult learners and that safeguarding protocols are in place for adult learning only to take place at evenings and weekends with the majority of equipment time prioritised for learners aged 13-19.	Enter into the contractual arrangements required	Head of Paid Service, in conjunction with the Section 73 and the Monitoring Officer	£0.495m	All pre-conditions met. Draft contract being prepared. Change request submitted 08/01/20, which is delaying signing of contract. Contract executed and first claim submitted/paid. Indication of slight delay to installation of equipment due to Covid-19, but will still be installed well in advance of new academic year. However, delays in recruitment of learners due to ongoing situation.	Active
080	Business Board	28th August 2019	Progression of Project 0098 to full approval and award of £619,000 subject to the agreed conditions	Enter into the contractual arrangements required	Head of Paid Service, in conjunction with the Monitoring and Section 73 Officers	£619,000	Contract in Development. Approval conditions being progressed	Active
082	Business Board	23rd October 2019	LGF Investment Approval Award of £96k grant to Company 28c subject to the conditions set out in the Appraisal Panel Summary Table	Enter into legal agreements	Head of Paid Service in consultation with the s73 and Monitoring Officer	£96k	Funding agreement Signed. All conditions satisfied	Active
083	Business Board	23rd October 2019	LGF Investment Approval Award of £74k grant to Company 37c subject to the conditions set out in the Appraisal Panel Summary Table	Enter into legal agreements	Head of Paid Service in consultation with the s73 and Monitoring Officer	£74k	Funding agreement signed, in delivery. Only accepted £24k of approved £74	Active
084	Business Board	23rd October 2019	LGF Investment Approval Award of £50k grant to Company 38 subject to the conditions set out in the Appraisal Panel Summary Table	Enter into legal agreements	Head of Paid Service in consultation with the s73 and Monitoring Officer	£50k	Funding agreement signed, in delivery. Revised grant of £42,888	Active
085	Business Board	23rd October 2019	LGF Investment Approval Award of £30k grant to Company 42 subject to the conditions set out in the Appraisal Panel Summary Table	Enter into legal agreements	Head of Paid Service in consultation with the s73 and Monitoring Officer	£30k	Funding agreement Signed. In delivery	Active
086	Business Board	23rd October 2019	LGF Investment Approval Award of £50k grant to Company 52 subject to the conditions set out in the Appraisal Panel Summary Table	Enter into legal agreements	Head of Paid Service in consultation with the s73 and Monitoring Officer	£50k	Funding agreement Signed. All funds drawdown	Active
087	Business Board	23rd October 2019	LGF Investment Approval Award of £30k grant to Company 53 subject to the conditions set out in the Appraisal Panel Summary Table	Enter into legal agreements	Head of Paid Service in consultation with the s73 and Monitoring Officer	£30k	Funding agreement Signed. In delivery	Active
088	Business Board	23rd October 2019	LGF Investment Approval Award of £29k grant to Company 08 subject to the conditions set out in the Appraisal Panel Summary Table	Enter into legal agreements	Head of Paid Service in consultation with the s73 and Monitoring Officer	£29k	Funding agreement Signed. All funds drawdown	Active
089	Business Board	23rd October 2019	LGF Investment Approval Award of £80k grant to Company 10 subject to the conditions set out in the Appraisal Panel Summary Table	Enter into legal agreements	Head of Paid Service in consultation with the s73 and Monitoring Officer	£80k	Funding agreement Signed. Revised grant of £55,750. In delivery	Active

UI	Decision Maker	Date of delegation	Decision	Delegation	Delegated to	Financial value	Update	Status
090	Business Board	23rd October 2019	LGF Investment Approval Award of £45k grant to Company 12 subject to the conditions set out in the Appraisal Panel Summary Table	Enter into legal agreements	Head of Paid Service in consultation with the s73 and Monitoring Officer	£45k	Funding agreement Signed. All funds drawdown	Active
091	Business Board	23rd October 2019	LGF Investment Approval Award of £30k grant to Company 15 subject to the conditions set out in the Appraisal Panel Summary Table	Enter into legal agreements	Head of Paid Service in consultation with the s73 and Monitoring Officer	£30k	Funding agreement Signed. All funds drawdown	Active
092	Business Board	23rd October 2019	LGF Investment Approval Award of £80k grant to Company 18 subject to the conditions set out in the Appraisal Panel Summary Table	Enter into legal agreements	Head of Paid Service in consultation with the s73 and Monitoring Officer	£80k	Funding agreement Signed. All funds drawdown	Active
093	Business Board	23rd October 2019	LGF Investment Approval Award of £100k grant to Company 23 subject to the conditions set out in the Appraisal Panel Summary Table	Enter into legal agreements	Head of Paid Service in consultation with the s73 and Monitoring Officer	£100k	Funding agreement Signed. In delivery	Active
095	Business Board	23rd October 2019	LGF Investment Approval Award of £85,000 grant to Company 0104 subject to the conditions set out in the Appraisal Panel Summary Table	Enter into legal agreements	Head of Paid Service in consultation with the s73 and Monitoring Officer	£85k	Funding agreement Signed. In delivery	Active
096	Housing Board	24th October 2019	LGF Investment Approval Award of £270k grant to Peak District Rural Housing Association (PDRHA) subject to the conditions set out in the Appraisal Panel Summary Table	Enter into the contractual arrangements required	Head of Paid of Service, in conjunction with the Section 73 and the Monitoring Officer	£270k	All conditions satisfied, in Contract.	Active

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

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