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Friday, 6 November 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 **virtually**, on: **Monday, 16 November 2020** at **10.00 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

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Member Distribution

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

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

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.	Minutes of the meeting held on 21st September 2020	Mayor Dan Jarvis	
11.	Covid Tier 3 Restrictions Support	Dr Dave Smith	5 - 8
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13.	Gainshare: Emergency Recovery Fund	Gareth Sutton	17 - 20
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15.	Potholes and Challenge Fund Allocation	Mr Mark Lynam	47 - 50
16.	2019/20 Statement of Accounts and Annual Governance Statement	Gareth Sutton	To Follow
17.	Budget Revision 2	Gareth Sutton	51 - 64
18.	2021/22 Budget and Business Plan Development	Gareth Sutton	65 - 70
19.	Scheme of Delegation: Contracts and Accounts	Gareth Sutton	71 - 74
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Date of next meeting: Monday, 25 January 2021 at 10.00 am Held virtually			

SCR - MAYORAL COMBINED AUTHORITY BOARD**MINUTES OF THE MEETING HELD ON:****MONDAY, 21 SEPTEMBER 2020 AT 10.00 AM****VIRTUAL MEETING****Present:**

Mayor Dan Jarvis MBE (Chair)	SCR Mayoral Combined Authority
Councillor Garry Purdy	Derbyshire Dales DC
Councillor Julie Dore	Sheffield City Council
Mayor Ros Jones CBE	Doncaster MBC
Councillor Simon Greaves	Bassetlaw DC
Councillor Sir Steve Houghton CBE	Barnsley MBC
Councillor Alex Dale	NE Derbyshire DC

Officers in Attendance:

Gareth Sutton	Chief Finance Officer/S73 Officer	SCR Executive Team
Dr Dave Smith	Chief Executive	SCR Executive Team
Dr Ruth Adams	Deputy Chief Executive	SCR Executive Team
Steve Davenport	Principal Solicitor & Monitoring Officer	SCR Executive Team
Mark Lynam	Director of Transport, Housing and Infrastructure	SCR Executive Team
Rob Harvey	Senior Programme Manager	SCR Executive Team
Emily Hickey	Governance and Compliance Officer	SCR Executive Team
Claire James	Senior Governance & Compliance Manager	SCR Executive Team
Sue Sykes	Assistant Director - Programme and Performance Unit	SCR Executive Team
Melanie McCoolle (Minute Taker)		

Apologies:

Councillor Chris Read	Rotherham MBC
Councillor Steve Fritchley	Bolsover DC
Councillor Tricia Gilby	Chesterfield BC
James Muir	Chair of LEP Board

1 Welcome and Apologies

The Mayor welcomed everyone to the meeting, and he introduced the Members present.

2 **Announcements**

The Mayor addressed the meeting in respect of the challenges faced as a result of the coronavirus pandemic. The latest position on Covid-19 in South Yorkshire caused everyone significant concern. Despite the unstinting work of the NHS and local authorities, the situation remained precarious, with rates of infection rapidly heading in the wrong direction. Every local council was doing all that they could to limit the spread of the virus and to protect communities. It was unacceptable that people both across South Yorkshire and nationally, were unable to obtain a Coronavirus test. As the number of cases significantly increased across the North of England, the Government must ensure that sufficient tests were made available. The Mayor was pressing the Ministers to fix the problem before it became too late.

In relation to the economy, the Mayor stated that it was becoming increasingly clear that the impact of the virus meant that businesses were closing, jobs were being lost and investments were delayed. Government intervention had no doubt, helped mitigate the worst of this. As the Job Retention Scheme wound down in October 2020, and with the risk of further restrictions, it was imperative to have the funding locally to respond, and that the Government listened to businesses, local council leaders and Mayors to implement further measures of support. Over the coming months, the Mayor would push hard on the matter through submissions to the Government's Comprehensive Spending Review and in the Autumn Budget. He would continue to press the Government for the vitally needed investment in flood defences that South Yorkshire so urgently required. It was essential as winter approached, that all of the necessary preparations were made to protect both people and communities from the risk of further flooding.

The Mayor had recently met with the Environment Agency to understand their plans. As the climate changed, it was essential to secure in full the funding for the programme of investment to protect homes and businesses across the region for the long term.

3 **Urgent Items**

Members were informed of the means by which the meeting would be conducted, to be compliant with appropriate legislation and pursuant of SCR's own Constitution.

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

None.

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

It was agreed that agenda items 11, 12, 13, 15 and 16 applied solely to South Yorkshire Members of the Combined Authority.

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

Councillor Dale declared a non-pecuniary interest in the matters to be discussed at agenda item 12 (Adult Education Budget) by virtue of being a Cabinet Member for the Children Services, and Chair of the Derbyshire Adult Community Education Board.

7 **Reports from and questions by members**

None.

8 **Receipt of Petitions**

None.

9 **Public Questions**

Two public questions had been received by Mr Nigel Slack and delivered as follows:-

Question 1 'Just before the country went into lockdown the Mayor announced a proposal to create the position of an Arts and Culture Commissioner for the City Region. What has happened to that proposal?'

Question 2 'With the city and indeed country sitting on the precipice of a second wave, what further plans do the Sheffield City Region have for mitigating the economic impact without risking the safety of our residents?'

In response to Question 1, the Mayor was pleased to report that an Art, Culture and Heritage Project Director would very soon be recruited, following on from the proposal presented earlier in the year. In recent months, focus had been given to advocating the theatres, venues, freelancers and artists, and to make sure that their voice was heard in Whitehall. The Mayor had met with key stakeholders from the Arts Council England and with local cultural organisations to better understand the affects of the lockdown measures. In partnership with the University of Sheffield, two South Yorkshire wide surveys had been undertaken on the impact of the crisis on art and culture, and the music sector. The results of which had fed into a submission to the Department for Digital, Culture, Media and Sport call for evidence on the impact of Covid-19.

The Mayor had written to the Department for Digital, Media and Sport to urge the Government to offer financial support specific to the sector. Close working had been undertaken with the local authority partners to create a business case for future growth and investment into the arts, culture and heritage, to unlock their economic and social potential on a city region wide level. Further details would be made available within the 'Unlocking the potential of Culture, Arts and Heritage in South Yorkshire report' which would be published on 22 September 2020. The Mayor had long believed that the arts, culture and heritage sector was not just vital for the economy, but also for our character and spirit. These sectors, were not a luxury, but a vital part of the region's recovery and renewal

which contributed to healthy and sustainable communities, strong local identities and vibrant places, together with the economic recovery. There was now an even greater need to level-up the North, to invest in our communities, and to build a stronger, greener and fairer South Yorkshire, to which culture, arts and heritage must be central to. Once in place the Project Director would add further capacity to work with culture stakeholders to identify creative solutions for the sector to re-open, captivate and offer much needed relief to audiences across South Yorkshire and the wider city region once more.

In response to Question 2, the Mayor stated that the Renewal Action Plan which had been submitted to Government, had outlined the proposals for mitigating the impact of the Coronavirus pandemic on our economy and on our people. It set out a number of projects and initiatives to deliver support to our businesses, safeguard jobs and invest in our infrastructure in order to adopt to the changing economic circumstances.

The Mayor commented that it was unacceptable that people were unable to obtain a Coronavirus test, which was a national priority when the Government wanted to reach their target set of 100,000 tests per day. It was vital for the Government to ensure that the necessary testing capabilities were in place, as the tests were now urgently needed, with the rate of cases significantly rising across the North of England. The medical professionals and those on the front line of fighting the virus were correct; the test and trace had descended into chaos. As the number of Coronavirus cases increased daily, and there were vast swathes of areas that were being forced into lockdown. It was now the time to act before more lives, jobs and businesses were put at risk.

As the rates of infection in South Yorkshire continued to head fast into the wrong direction, the Mayor urged all residents, young and old to play their part in slowing the spread of the virus through social distancing, the wearing of face coverings on public transport and in shops, and to isolate if they had Covid-19 symptoms or had been in contact with someone who had symptoms. He also urged the businesses to ensure that they had effective measures in place, to enable their employees to work safely.

The Mayor thanked Mr Slack for his questions.

10 **Minutes of the previous meeting**

RESOLVED – That the minutes of the previous meeting held on 27 July 2020 were agreed as an accurate record of the meeting.

11 **Integration Of The SYPTE With The MCA**

A report was presented to set out for the MCA Board a number of considerations and key milestones in progressing the integration of the PTE fully within the MCA, following agreement to progress the 7-point implementation plan of the Bus Review. There were no indicative timescales at the moment, but planning work would be progressed in advance.

Councillor Dore gave thanks to R Adams, the Mayor and everyone involved in the Bus Review. She welcomed the report and proposal. The current bus

operation showed severe deficiencies in the way that the current bus services operated. She fundamentally believed that the proposal would address those deficiencies. She requested that an update be provided to the South Yorkshire Leaders Board following 6 months of implementation.

The Mayor agreed with Councillor Dore's sentiments, and he agreed that a 6 month review would be undertaken by the South Yorkshire Leaders Board.

RESOLVED – That the MCA Board:-

1. Agreed the aim and objectives, as outlined in section 2.1 to the report, and whether these accurately captured Member's intentions following agreement to the 7-point plan (27.07.20).
2. Noted the proposed workstreams and outline for communication, and that a fuller work programme and risk register would be developed in the coming months.

12 **Adult Education Budget**

A report was submitted which provided a progress update to enable effective commissioning of AEB provision to SCR residents from 1 August 2021.

On 3 August 2020, the MHCLG had confirmed the enactment of the Devolution Order. As a result of which, the MCA would become responsible for c£36m of devolved Adult Education Budget (AEB) from 1 August 2021, which would provide funding for the delivery of adult skills activities to the residents of Barnsley, Doncaster, Rotherham and Sheffield. During the interim year, the MCA had a series of responsibilities to prepare in readiness for the full implementation in 2021.

Mayor Jones sought assurance that the local authorities would continue to receive funding. She also urged that consideration should be given to those companies that worked hand in glove, especially due to the need to enable individuals to become fully involved and to enable people to return back into training.

Councillor Door endorsed Mayor Jones' comments. She stated that adult education was a very important issue throughout the roles within the local authorities, and was the main sole reason that the MCA was in existence due to the economy and the need for growth. She supported the proposal outlined within the report.

Councillor Dale queried the funding in relation to the South Yorkshire residents that undertook cross boarder learning into Derbyshire/Nottinghamshire and vice versa.

D Smith referred to the procurement of the grant system. The South Yorkshire local authorities and colleges would continue to receive a grant allocation. Independent providers and those outside of the region, would form part of the procurement process to openly bid for contracts in delivery of the adult education system. Support would be provided to the residents and learners in

South Yorkshire, and to ensure that the funding support followed within the contracts entered into with providers from South Yorkshire and beyond the borders.

Councillor Houghton stated that the immediate challenge was to ensure that the system continued under a new name, to ensure stability. The challenge in the medium to long term was to begin to consider the system, to ascertain whether it was the correct system and whether it was provided correctly moving forwards.

Councillor Greaves referred to the advancement of the Devolution Bill in relation to South Yorkshire. North Notts College was managed by the R&M Group with a key base in Worksop. He was concerned in terms of commissioning arrangements and training provision, as to whether there would be a framework which would result in individuals travelling from South Yorkshire into Worksop, to the disadvantage of the local provision for the North Nottinghamshire area.

D Smith reiterated Councillor Houghton's comments that the MCA did not envisage to make a radical change, but to devolve the system moving forward to ensure that the interests of all learners were protected, and to enhance the services available within the resources available. Opportunities for collaborative working would always be sought in the best interests of learners. The soft lab testing before entering into the formal procurement was to ensure that any issues had been uncovered and addressed through the Skills Board, where a policy position would be adopted in advance of the commencement of a formal procurement.

RESOLVED – That Members:-

1. Endorsed the areas for the MCA Commissioning Strategy and the proposed Commissioning Approach detailed in section 2.2 of the report.
2. Endorsed the Procurement Principles, set out in section 2.4 of the report.
3. Noted the approach to Soft Market Testing set out in section 2.5 of the report.
4. Noted the position regarding Implementation Funding, detailed in section 2.6 of the report.

13 **LGF Capital Programme Approvals**

A report was presented which sought approval of one scheme with a total value of £2.8m Local Growth Fund (LGF), a change request for an existing project, and approval for delegated authority to be granted to the Head of Paid service in consultation with the Section 73 Officer and the Monitoring Officer to enter into a legal agreement for the schemes.

RESOLVED – That MCA Board considered and approved:-

1. Progression of Forge Island Enabling to full approval and award of £2.8m grant (which consisted of £1.5m existing loan being converted to a grant and an additional grant award of £1.3m) to Rotherham Metropolitan Borough Council subject to the conditions set out in the Appraisal Panel Summary Table.
2. Project change request from “DSAL Passenger Capacity Expansion” to agree an extension to works completion from September 2021 to September 2022 and reprofile of outputs and outcomes in accordance with the revised timescales.
3. Delegated authority be given to the Head of Paid Service in consultation with the Section 73 and Monitoring Officer to enter into legal agreements for the schemes covered above.

14 **SCR MCA Budget Revision**

A report was submitted to detail the results of the budget revision exercise, which had been undertaken across the MCA’s revenue budgets and capital programme, following the significant disruption to activity as a result of Covid-19.

The Mayor commented that as with each of the authorities present at the meeting today, Covid has had and continued to have a significant impact on the MCA Group’s finances. With so much uncertainty before us, this was an issue which would need to continue to be kept under review.

Members’ attention was drawn to the following significant arising issues in relation to the commercial viability of the public transport system in South Yorkshire. Following the collapse of patronage on all modes of transport, there had been a requirement for ongoing public support from the Central Government grant and local support from the SCR budgets. In August 2020, the Government had extended the support for the tram into October 2020 and had committed to support bus on a 2 month rolling cycle; parity was still awaited from Government. There was a requirement for an ongoing contribution from Government to the costs, patronage of 55% for bus and 40% for tram. Matters would be undertaken to continuously press Government on the matter, and an internal plan would be devised on the exit strategy from the current funding package.

Income assumption testing had been undertaken, which had identified that the SCR was significantly below where it thought it would be on a number of income streams totalling approximately £1.3m. There were a number of further expenditure requirements that had not been budgeted for i.e. the fit out of Broad Street West, to enable efficient work during the pandemic and agile working whilst ensuring that the correct tools were in place to prevent future disruption. The total of which equated to approximately £2m. Members noted the pace of the Capital Programme, which always included challenging targets for spend over the financial year to meet Government targets. There was a need to pay close attention to the Transforming Cities Fund over the course of the year to develop plans.

On 15 September 2020, the first game share allocation had been received.

Councillor Dore expressed her thanks to G Sutton and everyone involved.

RESOLVED – That the MCA Board:-

1. Noted the disruption to the MCA's income streams and expenditure plans as detailed in the report.
2. Noted the ongoing concerns around the commercial viability of the transport network.
3. Adopted the revised budget estimates.
4. Noted the Section 73 officer's recommendations to not draw down on the Enterprise Zone retained business rate reserve as previously planned.
5. Approved the proposal to fund Bus Review activity from the MCA's SY Transport reserve.
6. Approved the proposal to draw down £500k from the MCA's earmarked Covid reserve to support the MCA Executive's revenue budget.
7. Approved the addition to the capital programme of £411k of new and accelerated capital activity required to support the MCA's response to Covid resilience to be funded from capital receipts unapplied.

15 **Cladding Remediation Of High Rise Buildings**

A report was presented for the MCA Board to consider progress since the Grenfell Disaster in replacing unsafe cladding on high rise buildings in the Sheffield City Region, and to discuss actions to ensure that the necessary building safety improvements continued.

Members recalled that earlier in the year, the Metro Mayors had made a commitment to the Secretary of State for Housing, Communities and Local Government to support progress to remediate cladding on high-rise tower blocks in the respective Combined Authorities, subject to it being safe to do so.

Following the Grenfell Tower incident in 2017, all of the SCR Local Authorities had immediately began to identify potential tower blocks with similar style aluminium composite material (ACM) cladding system, that could pose a health and safety risk. Barnsley and Rotherham Councils had established that they had no tower blocks of local authority, public sector or private ownership which had ACM cladding. Within Doncaster Council, only one high rise block out of a total of nine owned by the Authority had been identified as containing part ACM cladding and part High Pressure Laminate (HPL) cladding. The cladding had been replaced within six months. The removal costs had been funded by the contractor and the Government's Cladding Remediation Fund (CRF).

The Mayor expressed his thanks to Members for all of the work undertaken to identify and replace unsafe cladding on high-rise buildings in their local authorities, to ensure that they delivered on the pledge made to safeguard the health and safety of residents and those working to remediate those sites during the Covid-19 pandemic.

Councillor Dore gave thanks to C Blackburn and the SCR for collating the information from the local authorities. On behalf of Sheffield City Council, she referred to the clearly identified issues in relation to some of the privately owned developer perspective blocks and the Government's unwillingness to address the matter; whilst noting that it was a greater issue in other areas around the country. She considered that it needed enforcing that the main responsibility of each local authority, as a priority, was to keep its citizens safe. Following the Grenfell Tower tragedy, the Government had repeatedly stated that it would reimburse the local authorities to keep citizens safe. She considered that the Government's lack of responsibility to keep citizens safe was shameful, and she urged the Mayor to continue to pursue matters with the Government, through the Labour Party.

RESOLVED – That the MCA Board:-

1. Noted the Mayor's pledge to ensure necessary building safety improvements to high rise blocks continued at pace.
2. Noted the positive and rapid actions already undertaken by Local Authorities in the Sheffield City Region to deliver safety improvements to high rise blocks.
3. Discussed ongoing issues experienced in tackling cladding remediation, and further actions that needed to be taken to continue addressing the ongoing safety issues, including any supportive actions by the Mayor.

16 Governance Arrangements to Support the Leadership of Thematic Priorities

A report was presented to seek approval of governance changes (including changes to the Constitution) to the Thematic Boards which were first established by the MCA in early 2019.

Councillor Houghton requested that when decisions were required by the Thematic Boards, that they should be circulated to Members of the MCA Board prior to those decisions being made, and that once those decisions had been made, that they be reported back to the MCA Board.

Councillor Greaves acknowledged the devolution arrangements and the shift in emphasis in relation to the SCR and Combined Authority. He was mindful that the North Nottinghamshire and Derbyshire Authorities were non-constituent Members. Earlier on in the year, the Chair had reached out to those overlap areas to discuss future matters. He would have expected those conversations to have taken place in advance of the MCA decision that was likely to be taken

today. He understood the shift in emphasis, but in his view, it was for Bassetlaw to represent its own interests. He sincerely hoped that meaningful arrangements would be considered in the future within the spirit of what had been embarked upon originally.

The Mayor commented that this did mark a shift in emphasis which had been forced upon the MCA by events, not least the Government's decision to reorganise the local enterprise partnership arrangements. From a South Yorkshire perspective, it was important to continue with the best possible working arrangements with non-constituent members. Ongoing conversations were required to ensure that the MCA met the standards set.

Councillor Purdy referred to the recent email conversations on the matter. He sought a good relationship with the MCA as the bulk of the North Derbyshire Dales was intrinsically linked with the Sheffield area. He considered that it was incorrect to have a boarder cut off. He was happy to continue attending the MCA Board meetings and liaison, and he considered that constructive relationship work was required to reach an agreement.

Members noted the importance for South Yorkshire to have the best possible relationship with its neighbours. Further conversations would take place amongst the Leaders to reach an agreement that was satisfactory to all parties.

Councillor Dale reiterated the points made. It was necessary to enable an ability to constructively work together in the future. North East Derbyshire had chosen to become a non-constituent Member of the MCA Board, and he did not want this to prevent the four South Yorkshire local authorities from making decisions in relation to a devolution deal which were South Yorkshire specific.

The Mayor would take Councillor Dale's comments away as an action point, with a view to reporting back to Members on proposals of how best to proceed.

RESOLVED – That the MCA Board approved:-

1. The changes to the Thematic Boards set out in sections 2.2 to 2.6 within the report.
2. The Monitoring Officer to make the consequential amendments to the Constitution by adopting the Terms of Reference at Appendices A-D.

17 **Delegated Authority Report**

Provided for information.

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

Signed

Name

Position

Date

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16th November 2020

Covid Tier 3 Restrictions Support

Purpose of Report

To update the Board of the outcome of negotiations with Central Government and present an outline of how the funds received will be deployed.

Thematic Priority

This report relates to all of the existing and future Strategic Economic Plan and Renewal Action Plan priorities.

Freedom of Information

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

Recommendations

The Board is asked to:

1. note the agreement reached with government to support public health activities and also businesses and residents and the subsequent work on the detail of these strands
2. agree to accept the grant of £30m for the purposes set out above
3. delegate authority to the s73 Officer to accept the money and put in place sub arrangements

1. Introduction

- 1.1** On Saturday, 24th October, South Yorkshire entered Tier 3 of the Covid restrictions as set out by Central Government. This came at the end of negotiations with the MCA and South Yorkshire local authorities, and government. Since the conclusion of negotiations, nationwide restrictions have been imposed at a 'Tier 4' level. The imposition of these additional restrictions does not affect the deal agreed with government
- 1.2** The sum of £41.3m will be made available to South Yorkshire by local government, of which £30m will be received by the MCA with £11.3m to be directly received by local authority partners for Track and Trace and all other public health related activity. The £30m will be deployed to support businesses to mitigate the economic and social effects of the pandemic.
- 1.3** Work has been underway to develop the detail behind the programmes needed to support business, protect jobs and livelihoods and ensure the Track and Trace system works effectively.

2. Proposal and justification

2.1 The £30m South Yorkshire Business Support Scheme will focus on the following:

- **Businesses forced to close but not eligible for Government support** (e.g. no rateable value - share premises)
- **Newly self-employed:** these are individuals who set up in business after 6 April 2019 and therefore do not have a tax return from the required 3 year period 2016-17/2017-18/2018-19
- **Freelancers:** those on short-term PAYE contracts cannot claim under the Job Retention Scheme despite being on payroll. Those in this category, whilst working as freelancers, are often required to be on payroll. Nor can they claim under the self-employed support scheme (SEISS) if less than 50% of their earnings comes from self-employment
- Businesses in the **local supply chain adversely impacted**
- A discretionary fund to enable LAs provide further support where required

Eligible businesses who suffered a loss of trade when South Yorkshire was placed in Tier 2 and then in Tier 3 will be supported via a separate fund.

All grants will be applied at the discretion of each local authority to the agreed common criteria and all payments will be a one-off.

3 Consideration of alternative approaches

3.1 This paper relates to the award of emergency funding by central Government to support businesses and residents in South Yorkshire under Covid Tier 3 restrictions. No alternative approaches were required to be considered.

4. Implications

4.1 Financial

£30m of revenue resource will be received by the MCA to be deployed at its discretion.

Resource allocation and monitoring arrangements will be put in place in collaboration with local authority partners to ensure the sound use of this resource.

4.2 Legal

There are no legal issues for this paper.

4.3 Risk Management

There are no risks arising directly from this report.

4.4 Equality, Diversity and Social Inclusion

None arising directly from this report. The delivery of infrastructure and housing capital schemes will stimulate economic growth in the SCR and, therefore, contribute to both the economic recovery and improving social inclusion.

5. Communications

5.1 The funding announcement has already been publicised. Further announcements may be required to publicise the programme more widely and there will be opportunities for positive communications as schemes are delivered.

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: None

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16th November 2020

RENEWAL ACTION PLAN IMPLEMENTATION

Purpose of Report

This report presents the priority interventions that have been endorsed by the Thematic Boards for implementing the Renewal Action Plan objectives in the immediate term.

Thematic Priority

This report relates to all the existing and future Strategic Economic Plan priorities.

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. Considers the RAP interventions that have been prioritised by the Thematic Boards as set out in Annex 1.
2. Approves the use of £16.5m of Gainshare revenue funding and £29m of gainshare capital funding to enable detailed development of the priority interventions.

1. Introduction

- 1.1 The SCR Renewal Action Plan (RAP) provided the basis for the MCA's submission to the Government's 2020 Comprehensive Spending Review (CSR); providing a formal request for additional revenue funding for the next three years and additional capital funding for the next four years.
- 1.2 The Skills and Employment Board has guided the development of the People Implementation Plan; the Business Recovery and Growth Board has led the development of the Employers Implementation Plan, and the Housing, Infrastructure and Transport Boards have developed the implementation plans for the Place interventions that are relevant to their respective remits.
- 1.3 The Thematic Boards have considered at a high level how the agreed priorities in the RAP should be implemented and which interventions should be prioritised for further development and delivery. These priorities were presented to the LEP Board on 5th November 2020. This paper presents the priority interventions for approval so that further development of the priorities can be undertaken, within the agreed budget envelope and brought back to the MCA via the Thematic Boards.

2. Proposal and justification

- 2.1 Each Thematic Board has considered the interventions that require immediate financial resource; including the anticipated outputs and outcomes for each intervention, the investment required from the MCA, and the use of new Government initiatives such as the Getting Building Fund, Housing Fund (Brownfield) and Emergency Active Travel Fund. The priority interventions are detailed in Annex A.

It is worth noting, that as this crisis has evolved and Government funded interventions are being announced regularly, the proposed interventions in the RAP have also progressed and been adapted accordingly. This is particularly relevant in the People Implementation Plan which has been continuously modified to respond to the raft of central government announcements.

- 2.2 The key interventions that have been identified to be progressed to detailed development immediately, using current resource are summarised below. Please note that these do not represent the sum total of interventions under development. Instead these are the first in a sequence of interventions selected on the basis of impact, cost and deliverability. More interventions are being developed and will be shared with the board in future meetings.

2.3 People

On 20th October, the Employment and Skills Board considered a set of proposals, and endorsed two key interventions that could be delivered early through Gainshare for the next two years:

- **Enhanced Apprenticeship Training Agency/Broker (£4.4m)** – this would create an Apprenticeship Hub for South Yorkshire to increase the volume of new apprenticeship starts and completions, particularly for 16-18-year olds and growth sectors. The hub would also potentially act as an employer of apprentices to reduce the risk for businesses who want an apprentice but who are unable to employ them in the current climate.
- **Kickstart South Yorkshire 25+ (£4m)** - this would assist economically inactive adults aged over 25 years to access training and employment by providing them with job placements. The current national Kickstart scheme is restricted to individuals aged between 16 and 24 years.

2.4 Employers

On 21st October, the Business Recovery and Growth Board discussed the draft Employer Implementation Plan and the endorsed five priority interventions for immediate delivery. The following interventions would require £8.1m of Gainshare investment for the next two years:

- **Advisory and Specialist Support** – this would enable more businesses to access services and knowledge support from Specialist Advisers to help them to adapt to COVID-19.
- **Digital Adoption** – this would support businesses in accessing and utilising digital technology services in their companies including the provision of training to increase digital skills.
- **Supply Chain Development** – to map and identify opportunities for businesses to enter supply chains and access procurement contracts.
- **Marketing** – this would support the production and promotion of positive messaging and communications to businesses on the range of initiatives and market opportunities available.

2.5 Places

The RAP interventions for Places will primarily be delivered through existing infrastructure funding, specifically Getting Building Fund, Housing Fund (Brownfield), the Active Travel

Emergency Fund and the Transforming Cities Fund. At this time, it is not necessary to prioritise or bring forward these interventions for early delivery.

The Places interventions are instead being progressed through the development of a prospectus for the MCA Capital Programme, which will provide the framework for how £29m of infrastructure funds will be invested.

- 2.6** This paper proposes that the MCA Board considers and approves the RAP interventions that have been prioritised by the Thematic Boards as set out in Annex 1 and approves the use of Gainshare funding to commence immediate delivery of the interventions.

3. Consideration of alternative approaches

3.1 Do Less

Until the outcome of the CSR submission is known, there is an expectation from Government that the MCA will use existing resources to deliver some of the interventions in the RAP to aid economic recovery from Covid-19. However, the Board could decide not to act until further funding is secured through the CSR process so that more interventions in the RAP can be delivered.

4. Implications

4.1 Financial

£16.5m of Gainshare funding is required to deliver the priority interventions outlined for People (employment and skills) and Employers (business recovery and growth) in paragraphs 2.3 and 2.4 above.

A further £29m of Gainshare capital has been earmarked for the South Yorkshire Capital Programme. This will be deployed on top of existing programmes including the Getting Building Fund, Housing Fund (Brownfield), Active Travel Emergency Fund and Transforming Cities Fund, to support delivery of the interventions for Places as identified in the RAP.

4.2 Legal

There are no legal implications arising from this paper.

4.3 Risk Management

Risks include:

- Failure to adequately prepare for and implement schemes that mitigate the adverse impacts of COVID-19 on young people, those employed in lower paid jobs or vulnerable sectors and SCR residents who have lost employment. The consequences being a significant rise in unemployment, a sustained fall in productivity and a prolonged economic recession in the City Region.
- Failure to adequately prepare schemes to a detailed level of development, that evidences their deliverability to support individuals in a timely manner. The consequence being the inability to secure additional funding from Government.
- Failure to demonstrate leadership on the response to COVID-19 to the City Region's businesses and residents. The consequence being adverse publicity or reputational damage to the Mayor, the MCA and the LEP.

4.4 Equality, Diversity and Social Inclusion

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

The RAP is focusing on the economic wellbeing of residents in South Yorkshire. Through it we are seeking to mitigate against increasing levels of poverty and improve social inclusion.

Interventions are targeted at vulnerable groups and those individuals who have been disproportionately affected by COVID-19.

5. Communications

- 5.1 Communications on the RAP and the RAP Implementation Plans will be delivered across a range of channels, including digital, social and traditional media, as detailed in the RAP Communication Plan. The LEP and MCA will work with partners and stakeholders to deliver these communications.

6. Appendices/Annexes

- 6.1 Annex 1 – Priority Interventions for RAP Implementation

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Other sources and references:

SCR RENEWAL ACTION PLAN

PRIORITY INTERVENTIONS FOR IMPLEMENTATION

OCTOBER 2020

DRAFT

IMPLEMENTATION PLAN - SUMMARY OF PROGRAMMES AND INTERVENTIONS

EMPLOYERS

1. Services and knowledge support for COVID-19 adaptation – Specialist Advisors

Proposed Intervention: Access to services and knowledge support. Access to an expanded in-house team of specialists within the Growth Hub utilising the 'Neutral Vendor' Framework. Agreement reached proposing a two-tiered approach

- Tier one - Provision of additional regional resource into LA areas to provide wrap around strategic advice and brokerage support
- Framework access to specialist advisors – identify and have contracted with a bank of specialist providers on a call off basis – to include; HR, Legal, Financial, H&S, QMS, Digital, others as identified.

2. Digital adoption and upskilling for our organisations – Digital Upskilling and Tech Adoption

Proposed Intervention: Provision of support for businesses looking to adopt new technology and upskill workforce around digital and technology adoption and a gateway for tech starts and scale ups to the best tailored provision and access to investment.

3. Backing employers to accelerate growth and deliver a job led recovery: Flexible investment and recapitalisation

- **Relief Grant**

Proposed Intervention: Provision of COVID Relief Grants to SCR business with the primary focus of safeguarding employment within the context of our Jobs First recovery.

- **Flexible investment and recapitalisation – Capital Fund Grant**

Proposed Intervention: Provision of project grant funding in the range of £15,000 - £250,000 to SCR indigenous businesses with the primary focus of safeguarding employment within the context of our Jobs First recovery and supporting growth of businesses during the recovery phase.

- **Repayable Loan**

Proposed Intervention: Provision of repayable loan funding in the range of £5,000 - £100,000 to SCR businesses with the primary focus of safeguarding employment within the context of our Jobs First recovery and supporting growth of businesses during the recovery phase.

- **Equity Fund**

Proposed Intervention: Provision of equity funding to early stage businesses via 3 seed funding products.

- Angel Co-investment Fund
- Co-investment pre-Seed Fund
- Co-investment seed fund incorporating early stage scalable businesses

- Employer leadership support

Proposed Intervention: Supporting and developing the capability and experiences of leadership and management teams. There is much economic research that suggests the nature of leadership in a place can have profound effects on regional outcomes.

- Leadership coaching and mentoring
- Peer to peer support
- Non exec access and support
- Formal training support

4. Supply chain and procurement support

Proposed Intervention: Provision of a regional wide supply chain programme, focussed on opportunity development - capability building and regional mapping.

PEOPLE

Interventions under development

Early Intervention Support Pilot To provide early intervention support for individuals receiving support from mainstream employment services. Focused on whether early referral to support for those with complex needs reduces incidence of long-term unemployment. Also, whether providing a co-ordinated local approach reduces welfare benefits and other service dependence.

Full Level 2 or Full Level 3 qualifications -Take up is very low across the SCR and the focus would be to link the qualifications to occupations in growth sectors. Or people who need to upskill or reskill due to the Covid pandemic and require a second Full Level 2 or Level 3 to enable them to access new opportunities in growth sectors.

Apprenticeship Advance - Allow pooling of transferred apprenticeship levy funding as already available to the West Midlands MCA, the establishment of new ATAs to support SME take up of apprenticeships, and an employer incentive scheme to stimulate demand in key skill gap disciplines.

Supporting our young people to progress into work or education - Advanced Economy Institute with a Hub in Sheffield with spokes in Doncaster, Rotherham and Barnsley to provide a seamless approach to skill development across the city region. Linked to shortage of technical and professional skills at level 4 & 5

Disadvantaged Learner Pilot -Deliver and test a pilot programme of specialist employment and skills support for learners in 'alternative provision', including those within the existing Care Leaver pathway to increase the number of most vulnerable young people aged 19-24 participating in education, training or employment.

Closing the Digital Divide - Deliver Community Digital Skills Hubs to improve the number of South Yorkshire residents accessing and developing digital skills

ESF – European Social Fund projects are being delivered across the SCR, many supporting the RAP. A response has been provided to the ESF Reserve Fund Call. Identifying and securing sufficient local match funding, will be a challenge. The Board may want to consider how the MCA engages with national Government and how we might prioritise funding within SCR, particularly given the level of disadvantage that still exists. Five interventions, fully aligned with the RAP, have been proposed for the ESF call and are set out below:

- Reducing youth unemployment and inactivity in Sheffield City Region LEP Area;
- Improving existing workforce digital skills and Business Productivity Levels;
- Overcoming Barriers to Work – Digital Inclusion;
- Existing Workforce Progression / Productivity / Underemployment / Career Change;
- Job Creation and Skilling the Unemployed.

PLACE

RAP interventions are being delivered via programme like Getting Building Fund, Housing Fund (Brownfield), Active Travel Emergency Fund and Transforming Cities Fund. Additionally, work is underway to develop a prospectus for the MCA Capital Programme. This programme will be the means by which all future place based infrastructure projects are developed approved and delivered.

16th November 2020

Gainshare: Emergency Recovery Funding

Purpose of Report

This report seeks authority for the award of grant totalling £5.75m to the South Yorkshire local authorities in support of Covid economic recovery efforts. It is proposed that this grant be funded from gainshare resource. The paper further notes the proposal to release a further £0.74m of gainshare funding to resource MCA pressures. Finally, the report seeks approval to progress the development of a Project Feasibility Fund and an Investment Framework.

Thematic Priority

All

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

This paper will be available under the Combined Authority Publication Scheme

Recommendations

1. The MCA approves the award of grant totalling £5.75m to the four South Yorkshire authorities to support local Covid economic recovery efforts;
2. The MCA approves the release of £0.74m of gainshare resource to support MCA financial pressures related to Covid;
3. The MCA approves the creation of a revenue 'Project Feasibility Fund' to enable pipeline development;
4. The MCA approves the continuing development of an 'Investment Framework';
5. The MCA delegates authority to the Chief Executive and the Section 73 Officer to transact the grant awards to the South Yorkshire authorities in the most efficient means possible.

1. Introduction

- 1.1 The Covid-19 pandemic and resultant economic disruption have placed significant financial pressure on all MCA partners. Left unmitigated these financial pressures will result in significant lasting harm to the financial health of partners and the wider South Yorkshire economy.
- 1.2 In mitigation of some of these pressures, this report proposes the release of resource totalling £5.75m to the South Yorkshire local authorities in support of local recovery efforts. It is proposed that grant is awarded on a per-capita basis and resourced from gainshare funding.

- 1.3 This report further proposes the release of £0.74m of gainshare resource to the MCA Executive. Finance reports previously received by the Board have outlined the financial challenges faced by the MCA arising from Covid related expenditure pressures and income shortfalls. This resource will allow for the targeted release of priority staffing positions that have been held vacant to support that position. This will provide much needed capacity to allow the MCA to properly play its role in the recovery effort.
- 1.4 Following discussions in Member workshops, the report also requests approval to continue the development of an 'Investment Framework' which will help set the rules, tools, and parameters under which future investments will be made, and the creation of a revenue 'Project Feasibility Fund' which will allow for the creation of a sustainable pipeline of investable schemes.
- 1.4 This report proposes that the criteria and contracting required to facilitate the grant award be delegated to the Chief Executive in consultation with the Section 73 Officer.

2. Proposal and justification

- 2.1 The pandemic has created unprecedented financial challenges for South Yorkshire communities, businesses, and the public sector partners. Left unmitigated these challenges could have profound consequences for years to come.
- 2.2 Following discussions between the Mayor and Board members, this report proposes the release of £5.75m of resource via grant award to the four South Yorkshire local authorities in support of priority economic recovery efforts.
- 2.3 Recognising the alignment between this proposal and the MCA's purpose in supporting the local economy, it is proposed that this grant be funded from the first tranche of gainshare resource received in September 2020.
- 2.4 This report proposes that resource is released to partners on a per-capita basis, with grant awards as follows:

Authority	Grant £m	Share %
Barnsley	£1.00	17%
Doncaster	£1.27	22%
Rotherham	£1.08	19%
Sheffield	£2.39	42%
	£5.75	

- 2.5 In recognition of the fluidity of the challenge, particularly as South Yorkshire moves into Tier 3, it is proposed that in the first instance that the grant be offered as revenue funding, but noting that wherever possible it would be beneficial to broader investment plans for the grant to be drawn down as capital funding.
- 2.6 Reflecting the breadth of challenges, a limited and flexible criterion is recommended to facilitate the award of resource within the parameters of funding frameworks. This criterion is centred on previously agreed principles, notably alignment to the Renewal Action Plan with three questions asked:
 1. How is proposed expenditure aligned to the Renewal Action Plan?
 2. Can the impact of the intervention be sustained beyond the initial investment?
 3. Can resource be used at pace to support immediate challenges?

- 2.7 This criterion seeks to ensure that resource is used quickly, effectively, and in support of the region's anchor recovery plan. It is proposed that monitoring is limited to a Section 151 Officer self-certification.
- 2.8 This report also proposes the release of £0.74m gainshare revenue resource to support MCA pressures. A finance report received by the Board in September outlined £1.8m of pressures arising from income shortfalls and expenditure pressures due to Covid. This figure was arrived at after a vacancy freeze was implemented to hold down expenditure.
- 2.9 The proposed gainshare investment would, amongst other things, unlock priority posts currently held vacant across the Business Growth and Skills and Employment teams where capacity has fallen below 50% in some instances. This capacity is essential to ensuring the MCA is equipped to play its role in supporting South Yorkshire's businesses and communities.
- 2.10 Whilst this paper recommends the release of immediate resource to support public sector partners, it should be noted that work is underway at pace to develop investment plans in support of the wider economy, deploying our gainshare resource in support of the Renewal Action Plan.
- 2.11 This report also requests Member approval to implement a revenue 'Project Feasibility Fund'. The creation of such a Fund has been discussed with Members at Gainshare workshops and seeks to address a recognised problem in the paucity of revenue resource available across South Yorkshire for the early-stage development of investment propositions.
- 2.12 The creation of this Fund will support the sustainable development of pipeline propositions and allow the region to be more prepared to react to funding opportunities with developed, quality schemes.
- 2.13 Finally, this report further requests approval to continue the development of an 'Investment Framework'. Such a framework would provide the basis through which the MCA could enter into more complex investment transactions, with a view to sharing in the value its investments create and seeking to use its resource in the most efficient means available.
- 2.14 Proposals on this Investment Framework will be brought back to Members for consideration as they are developed.

3. Consideration of alternative approaches

- 3.1 The MCA could elect not to support local partners in their economic recovery efforts. A lack of intervention now could lead to profound lasting harm on the financial health of partners and the wider economy.
- 3.2 The MCA could also elect not to release resource in support of the MCA's own financial pressures. This would lead to existing vacancies being left unfilled, limiting the MCA's ability to support the region's businesses and communities in the manner required.

4. Implications

4.1 Financial

This report proposes the award of grant totalling £5.75m to the four South Yorkshire local authorities, and the further release of £0.74m to support MCA financial pressures.

This resource can be funded from currently uncommitted gainshare resource.

The report also recommends the approval for the implementation of a revenue Project Feasibility Fund and the development of an Investment Framework. Both these projects will support efficient use of the MCA's limited resource.

4.2 Legal

The power to provide the recovery grants is contained the MCA's economic development powers under S.1 Localism Act 2011 and s.31 Local Government Act 2003.

4.3 Risk Management

N/A

4.4 Equality, Diversity and Social Inclusion

N/A

5. Communications

5.1 N/A

6. Appendices/Annexes

6.1 None.

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16th November 2020

CAPITAL PROGRAMME APPROVALS

Purpose of Report

This paper seeks:

1. Approval of three schemes with a total value of £8.18m Getting Building Fund (GBF) and,
2. Approval of one Transforming Cities Fund (TCF) Outline Business Case with a total value of £5,458,141 and early release of up to £546k development funding,
3. Approval of five change requests for existing Local Growth Fund (LGF) projects;
4. Approval for the acceptance of a grant totalling £40.16m for the A630 Parkway Widening Scheme and the onward award of that grant to Rotherham MBC; and,
5. Approval for delegated authority to be granted to the Head of Paid service in consultation with the Section 73 Officer and the Monitoring Officer to enter into legal agreement for the schemes.

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

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

Recommendations

The MCA consider and approve:

1. The acceptance of a grant from the Department for Transport totalling £40.16m for the A630 Parkway Widening Scheme, and the onward award of that grant to Rotherham MBC
2. Progression of Heart of the City Breathing Spaces to full approval and award of £4m grant to Sheffield City Council subject to the conditions set out in the Appraisal Panel Summary Table attached at **Appendix A**
3. Progression of Rotherham Town Centre Masterplan to full approval and award of £2.18m grant to Rotherham Metropolitan Borough Council subject to the conditions set out in the Appraisal Panel Summary Table attached at **Appendix B**
4. Progression of Century BIC II to full approval and award of £2m grant to Rotherham Metropolitan Borough Council subject to the conditions set out in the Appraisal Panel Summary Table attached at **Appendix C**
5. Progression of iPort Bridge to Full Business Case and award of up to £546k business case development costs to South Yorkshire Passenger Transport Executive subject to the conditions set out in the Appraisal Panel Summary Table attached at **Appendix D**
6. Project change request from “Digital Engineering Skills Development Network” to agree an extension to works completion from September 2020 to September 2021, reprofile of £1.2m grant from 20/21 to 21/22 and reprofile of outputs and outcomes in accordance with the revised timescales
7. Project change request from “M1 J37 Phase 2” to agree a reprofile of up to £4.07m grant from 20/21 to 21/22 and reprofile of outputs and outcomes in accordance with the revised timescales.

9. Project change request from "M1 J36 Phase 1 (Hoyland)" to agree an extension to works completion from 20/21 to 21/22, reprofile of up to £544k grant from 20/21 to 21/22 and reprofile of outputs and outcomes in accordance with the revised timescales
10. Project change request from "Greasbrough Road Corridor" to agree an extension to works completion from April 2021 to September 2021 and reprofile of £1.05m from 20/21 to 21/22 and reprofile of outputs and outcomes in accordance with the revised timescales
11. Project change request from "First Group Customer Contact" to agree an extension to works completion from March 2021 to March 2022, reprofile of £406K grant from 20/21 to 21/22 and reprofile of outputs and outcomes in accordance with the revised timescales
12. Delegated authority be given to the Head of Paid Service in consultation with the Section 73 and Monitoring Officer to enter into legal agreements for the schemes covered above.

1. Introduction

- 1.1** On 30th June 2020 the MCA was awarded £33.6m GBF to invest in 'shovel-ready' projects that will provide stimulus to local economies. The funds need to be defrayed by 31st March 2022 which allows an 18-month delivery window.

Guidance received from Government states that Sheffield City Region will be expected to deliver the agreed projects and any significant changes to the projects will be discussed and agreed with the Government in advance. All investment decisions must be undertaken in line with locally agreed audit and scrutiny arrangements.

This paper requests approval of three schemes subject to any conditions to be set out in the Appraisal Panel Summary Table with a total value of £8.18m.

- 1.2** In March 2020 the Department for Transport ('DfT') approved a grant award of £166.3m for the MCA's TCF aspirations. This grant was allocated from April 2019 to March 2023 resourcing a programme of transformational public transport, active travel and rail initiatives.

In March 2020 the MCA approved the early release of scheme development costs:

- release up to 2% of the total scheme cost (as included in the bid/SOBC) to facilitate the development of the OBC.
- release costs (based on a costed fee plan) following approval of the OBC to enable the schemes to progress to FBC

This paper requests approval of progression of one scheme to Full Business Case (FBC) and early release of up to £546k development costs subject to any conditions to be set out in the Appraisal Panel Summary Table, with a total scheme value of £5,456,141

- 1.3** 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. In line with the agreed Assurance Framework there are 5 change requests proposed through this report which require MCA approval. These are detailed in sections 2.14 to 2.17 below.

- 1.4** On the 16th October the Department for Transport formally wrote to the MCA offering a grant award totalling £40.16m for the A630 Parkway Widening Scheme. This grant would be afforded under Section 31 flexibilities with no defined time limitations.

The MCA have previously approved the submission to the DfT of this scheme which formed part of the MCA's first Growth Deal award, but which is funded from the DfT's local large major funding stream rather than under the auspices of LGF.

This scheme has been directly appraised by the Department for Transport outside of the MCA's assurance framework reflecting the source of funding. It is proposed that the MCA accepts this grant and on-awards the money to Rotherham MBC as the scheme promoter.

2. Proposal and justification

2.1 Heart of the City Breathing Spaces Project – GBF Fund

Appendix A provides a summary of the scheme appraisal and the suggested conditions of award.

2.2 The Project – This investment is for a £4m grant

The scheme is to enhance the city centre by creating three new spaces including a pocket park, a vibrant small square on Carver Street and expansion of the Peace Gardens between the Town Hall and the proposed new hotel on Pinstone Street.

The new spaces adjoin developments in the £480m Heart of the City2 (HoC2) project which aims to increase attractiveness to occupiers and visitors

Total costs are £12m with £4m GBF grant alongside Sheffield City Council investing £6m and a further £2m is applied for through Transforming Cities Fund (TCF) funding.

2.3 The Benefits and Outcomes

The project is integral to the aims and objectives for the wider HoC2 scheme an assessment of the Benefit Cost Ratio (BCR) that could be associated with the full £42 million of public funding required for the wider scheme has been undertaken.

This BCR suggests that the employment associated with the wider scheme would generate £328m in gross GVA over ten years and £127m in net additional benefits. This suggests a NPV of £105m which, for £42 million of public funding, implies a BCR of 2.6:1. Therefore £2.60 of net additional benefits would be generated for every £1 of public funding contributed.

This would represent value for money, in line with the benchmarks set by the DCLG 2016 Appraisal Guide.

Conditions include achieving planning permission for the new pocket park and development on Carver Street. The project is also linked with a TCF proposal which aims to secure funding for Rockingham and Pinstone Street. Non delivery of the TCF scheme is likely to reduce value for money associated with HoC2 but will not compromise the case for this GBF funding.

2.4 Rotherham Town Centre Masterplan – GBF Fund

Appendix B provides a summary of the scheme appraisal and the suggested conditions of award.

2.5 The Project - This investment is for £2.18m from GBF towards a total scheme cost of £4.05m

The vision in the Masterplan is to enable Rotherham's communities to reclaim their town centre as a space for families and to create a focus on flexible residential, culture and curated retail to create a blueprint for a town centre that meets the needs of its communities and visitors alike.

The scheme aims to undertake public realm improvements and site clearance in Rotherham Town Centre as part of the delivery of the Masterplan

This scheme includes projects that are within the adopted Masterplan;

HE Hub and Riverside Precinct Acquisition & Demolition

The project will acquire and demolish the Higher Education (HE) hub and Riverside precinct to prepare land for future commercial developments, public realm and community space

Public Realm Improvements

The project involves public realm improvements to:

- Bridgegate,
- Effingham Street,
- College Street,
- Howard Street and,
- the replacement of all existing street furniture and lighting.

Works will improve accessibility around the town centre and address existing DDA compliance issues.

2.6 The Benefits and Outcomes

Given the nature of the projects being brought forward (principally demolition and public realm works), there are limited direct employment and GVA impacts that will be generated by the proposed project. However, without this project going ahead, future schemes, including the Rotherham Markets Complex redevelopment and the Forge Island development, would not be able to be brought forward as quickly as desired.

The projects proposed in this application are fundamental in allowing the delivery of future schemes and it can be assumed that the completed schemes will generate significant employment and GVA benefits.

Aside from the economic benefits that might be generated in unlocking future schemes, there are a number of further economic benefits that will be generated through the projects included in this application:

- 20 safeguarded construction jobs
- 6,165sqm of new public realm (through the Town Centre Public Realm Scheme)
- 0.22ha brownfield land remediated

Based on the evidence above and the potential for the completed schemes which would be unlocked through the proposed projects in this application to generate significant economic benefits for Rotherham Town Centre, overall the project will represent value for money.

2.7 Century BIC II – GBF Fund

Appendix C provides a summary of the scheme appraisal and the suggested conditions of award.

2.8 The Project - This investment is requesting £2m towards a total scheme cost of £3.6m

The project aims to create high quality, publicly owned and operated employment space which will complement the existing space available for growing businesses. The GBF funds will be used to fund all elements of the development; excluding prelims and site surveys that have already been paid for from the approved RMBC budget within the Council's Capital Programme

The scheme will create around 17,000 sq. ft. of new floor space for office and clean manufacturing “move on” space within B1 use class on an existing business park.

2.9 The Benefits and Outcomes

The project is estimated to generate net additional GVA of approximately £21.8m over 10-year period for the SCR economy. This equates to a return of £11.66 for every £1 of SCR MCA funding.

The project delivers 71 net additional jobs (81 gross additional) at a cost per job of £28,138. On this basis the project represents value for money.

The project applies for public money through a state aid route on the basis that the public funding should cover any proposed viability gap. RMBC have proposed a viability gap of £2m which is the basis of the GBF offer.

2.10 iPort Bridge - TCF Fund

Appendix D provides a summary of the scheme appraisal and the suggested conditions of award.

2.11 The Project - This investment is requesting progression to full business case and release of up to £546k development costs.

The iPort is one of the UK's largest multimodal logistic hubs, located southeast of Doncaster, near junction 3 of the M18 motorway. This site is already a large employment site for the region and is partially developed, to the north. When the site is fully occupied, the iPort will have created in the region of 5,000 new jobs. The current occupiers of the site include Amazon and Lidl

The proposal is for a new bridge and highway link between West End Lane in New Rossington and iPort Avenue. The scheme would facilitate up to 8 buses per hour (55/56 bus service) being routed through the iPort via a bus gate along a camera enforced bus lane. This would make public transport a viable option for people working and visiting the iPort. The proposal also includes a segregated pedestrian and cycle bridge connection, providing improved active travel access between the iPort and the surrounding residential areas.

The TCF funds would pay for the design and associated infrastructure costs in relation to the iPort bridge scheme. This includes:

- A new bus, pedestrian and cycle highway and bridge link (approx. 0.5km);
- A new junction onto iPort Avenue;
- A segregated cycle / footway;
- A camera enforced bus lane;
- Relocation of one bus stop;
- Three new bus stops;
- Bus lane signals;
- Signalised crossings on West End Lane.

2.12 The Benefits and Outcomes

The benefits of improved bus operations arising from the proposed bridge; and from improved connectivity for pedestrians and cyclists has been appraised.

The approach adopted is well-aligned with WebTAG guidance and data values and uses the DfT AMAT tool appropriately but there are some areas where the forecast benefits may be seen as conservative. It is recommended that in the FBC additional benefits highlighted above are considered, including the additional two-minute time saving on bus services serving the south of iPort; and additional benefits from cycling and walking trips transferring from car use.

Costings appear to be accurate to a level that would be expected at OBC stage. Appropriate allowance has been made for both risk and optimism bias.

The overall BCR, as calculated, represents high value for money. Sensitivity testing to understand the impact of lower and higher bus demand on BCR still shows high value for money in both cases. For completeness, we have asked the sponsor for additional sensitivity testing on walking and cycling demand is undertaken within AMAT, in line with the MCA TCF COVID-19 Supplementary Guidance Note 2020.

2.13 Digital Engineering Skills Development Network – LGF Change Request

Sheffield College has been granted £3.9m to create and refurbish area to be used as an engineering manufacturers skills network. The project is a collaboration of engineering manufacturers to establish a transformational skills network. The grant is used for refurbishment/new space and equipment (SC and Liberty) and equipment only (CTL Seal).

Change proposed and reasons:

Prior to covid-19 the project performance was confidently on target with the scheme promoter consistently demonstrating robust management and swift mitigation of any risks. In April 2020 the MCA Executive were made aware of the options being considered given the impact of covid-19 and the scheme promoter was advised of the current inflexibility of the programme end date. The project continues to be developed at risk with a request for a decision on whether the reconfiguration of works can now be accommodated. The project was due to complete the main element of the works by Sep20 to align with students returning, however due to the level of uncertainty during the procurement period (Mar20) the college struggled to appoint a contractor with certainty that works could complete in the same timeframe. Sheffield College have phased the project to sufficiently mitigate the risks and enable continuation of activity throughout covid-19, though at a reduced rate. This has resulted in a proportion of the works being pushed back to the 2021 summer holidays.

2.14 M1 Junction 37 Phase 2 – LGF Change Request

The project comprises of funding to facilitate the delivery of new and improved off site highways infrastructure works and towards the onsite delivery of the road through new mixed-use employment and housing site off J37 of the M1, that will facilitate the delivery of 43ha of land for employment purposes, creating circa 3,510 new jobs when fully occupied.

Change proposed and reasons:

Overall the impact of the COVID-19 pandemic on the delivery of the programme has had minimal impact, however the associated fallout in terms of practical day to day responsive working practices, temporary furloughing of staff contractors and consultants has impacted on the developer ability to prepare and submit robust planning application with sufficient time to address consultee queries to enable the local authority planning board to consult, review and approve.

The trigger for the drawdown of land options by the developer from the third party land owners required to deliver the mitigations is linked to approval of planning. Programming in timescales for any objections to planning approvals and potential judicial review means that land transactions timescales are unclear and may complete close to or just beyond the 2021 LGF defrayal date. In addition, given the fluid situation with the Covid-19 pandemic potential of further outbreaks in Autumn / Winter that could result in more local lockdowns, social distancing measures and uncertainty of the impact this could have on construction, despite still aiming to achieve 100% LGF spend this financial year the council feel it is wise to forecast a reasonable worst case scenario of 80% forecast spend across the BMBC programme and a request for 20% programme reprofile into 2021/2022.

2.15 M1 Junction 36 Phase 1 (Hoyland) – LGF Change Request

M1 Junction 36 Corridor (Phase 1 Hoyland & Phase 2 Goldthorpe) aims to open up 2 Key clusters of employment land total up a maximum of up to 295ha gross creating up to 10,000 new jobs.

Change proposed and reasons:

BMBC are forecasting a reasonable worst-case scenario in light of the COVID pandemic which may have an effect on Autumn/Winter work, with 20% of this year's funding profiled for spend in 2021/22.

2.16 Greasbrough Road Corridor Improvement – LGF Change Request

The scheme comprises of one junction improvement - replacement of the existing mini-roundabout at the junction of B6089 Potter Hill, B6089 Main St and Coach Road, Greasbrough with a signalised priority junction including right turning lanes, left filter lanes and staged pedestrian crossings.

Change proposed and reasons:

Recent quotations received for a utility service diversion indicate a 3 month lead in period and a 9 month works programme. A change to the drainage proposal requires Yorkshire Water approval and further design development. This has caused the completion date and expenditure to slip six months to the end of September 2021.

2.17 First Customer Contact Ltd – LGF Change Request

This scheme is for the establishment of a Customer Sales and Contact Centre together with refurbishment works amounting to capital value of £3.3m.

Change proposed and reasons:

The required change is primarily due to the continued severe economic impacts caused by the coronavirus pandemic, and the sharp reduction of rail customers that has been evident in recent months. Despite challenging economic conditions, First Customer Contact are proceeding with their investment in the Sheffield Contact Centre and have invested in a further long-term lease on expanding the property portfolio, although the number of jobs being created is now expected to reduce in line with the reduction in passenger demand. A proportion of these jobs are now also expected to be created after 31st March 2021, with rail customer volumes not projected to recover fully until late 2021.

2.18 A630 Parkway Widening Grant Acceptance and Grant Award

The Parkway Widening scheme intends to reduce congestion on the major arterial route between Junction 33 of the M1 and Sheffield city centre through the expansion of the existing dual carriageway to a three-lane route. The MCA have previously approved the submission of the business case to the DfT.

This scheme was part of the MCA's initial Growth Deal but is funded from the DfT's local large major scheme rather than the LGF. Reflecting this, the project has been appraised and ultimately approved outside of the MCA's devolved assurance processes.

In total this scheme is expected to cost c. £46.39m. To-date the DfT have contributed £2.1m to scheme development, with a further award of £40.16m now offered to the MCA for the delivery of the approved scheme. The balance of funding will be contributed by Rotherham MBC as the scheme promoter.

The proposed grant will be afforded to the MCA under the flexible Section 31 framework with little conditionality. The DfT have further confirmed that there are no time limitations on the funding. The grant letter does, however, make clear that any cost overspend above the grant allocation would be for the scheme promoter to resolve.

To expedite the speedy release of this funding from the DfT and the commencement of works, it is recommended that the MCA authorises the acceptance of the grant and the on-award of the grant to Rotherham MBC.

It is recommended that the MCA delegates the terms of the grant award to the Chief Executive in consultation with the Section 73 Officer.

Consideration of alternative approaches

- 3.1 **Do nothing: GBF** – Guidance received from Government states that Sheffield City Region will be expected to deliver the agreed projects and any significant changes to the projects will be discussed and agreed with the Government in advance.
- 3.2 **Do nothing: LGF Change Requests** - The MCA may wish to consider delaying a decision on the existing proposed slippage in order to check whether there is any further slippage on other projects which needs to be considered later in the financial year. However, all 20/21 LGF projects were asked whether they need to slip money at this stage and the ones presented in this paper are the full extent of the existing slippage. This option has therefore been discounted as many of the projects presented need the certainty of an agreed budget in order to continue (or begin) their activity. If the scheme

change requests are not approved, then the schemes would become undeliverable and cause significant risk to the scheme promoters.

- 3.3 Do nothing: A630 Parkway Widening Grant Acceptance and Grant Award** – The MCA could choose to reject the acceptance of £40.16m from the DfT for this scheme. Rejection of this funding would remove the MCA's ability to resolve a long-standing congestion problem that impacts upon the communities around Catcliffe and commuters.

4. Implications

4.1 Financial

The projects presented for approval today are profiled to drawdown £8.18m from the GBF allocation of £33.6m.

The funding for the LGF projects has been previously approved and the national target for LGF in the financial year 2020/2021 is £43.2m. By allowing these projects to slip expenditure, still allows the financial target to be met given no further room for manoeuvre. This means that any further slippage across any projects would increase the likelihood of not meeting the annual spend target with the consequence of funding being lost to the region. There is currently no allocated budget for funding activity in 2021/22, however careful use of LGF funding has allowed a small funding reserve to build up which is less constrained by Government requirements and could therefore be directed to completing these existing projects during 2021/22.

This report further proposes the acceptance of a £40.16m grant from the DfT and the on-award of that funding to Rotherham MBC. This transaction sees the MCA as a conduit for the funding and reflects the substance of the arrangement.

4.2 Legal

The legal implications of the 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.

The Century BIC project represents state aid and is covered through Article 56 of the General Block Exemption Regulation (GBER). The legal implications of the project have been fully considered the Monitoring Officer and included in any recommendations agreed by the Appraisal Panel

4.3 Risk Management

Risk management is a key requirement for each of the submissions and is incorporated into the FBC submissions. Where weaknesses have been identified in the FBCs in terms of risk management, further work to capture and mitigate these risks is included as a condition of award in the appraisal panel summary sheets. Risks and Issues management is reported quarterly to the MCA Executive as part of contract monitoring.

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

4.4 Equality, Diversity and Social Inclusion

Appropriate equality and diversity considerations are taken into account as part of the assessment of the project business case.

5. Communications

- 5.1 The business cases for all schemes presents opportunities for positive communications; officers from the SCR Executive Team will work with the relevant officers on joint communications activity at the appropriate.

6. Appendices/Annexes

- 6.1 Appendix A: Heart of the City Breathing Spaces Appraisal Panel Summary
Appendix B: Rotherham Town Centre Masterplan Appraisal Panel Summary
Appendix C: Century BIC Phase 2 Appraisal Panel Summary
Appendix D: iPort Bridge Appraisal Panel Summary

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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

Appraisal Panel Summary

Scheme Details

Project Name	Sheffield Heart of the City Breathing Spaces		
Grant Recipient	Sheffield City Council		
SCR Executive Board	Infrastructure	SCR Funding	£6m GBF £4m
% SCR Allocation	50%	Total Scheme Cost	£12m

Appraisal Summary

Project Description
<p>The transformation/renewal of Sheffield City Centre has been underpinned by high quality new public spaces and connectivity between them. This has driven demand for commercial and residential development, attracted new businesses and is a key element of Sheffield's distinctiveness. This project will enhance the City Centre Transforming Cities Funds proposals and approved SCC capital funding within the Heart of the City budget.</p> <p>Up to three new spaces will be created: a landscaped pocket park on Block G including a cycle hub; a vibrant small square on Carver Street with seating terraces for adjoining cafes and civic space and expanding the Peace Gardens between the Town Hall and proposed Radisson Blu hotel on Pinstone Street. The new spaces adjoin developments within the £480m Heart of the City2 project and will increase attractiveness to occupiers and visitors.</p>
Strategic Case
<p>The applicant sets out a clear strategic rationale, linking the direct contributions that will be made to the National Planning Policy Framework (NPPF) and national Plan for Growth, government aims to Rebalance the Economy¹ and reinvigorate high streets, the SCR Transport Strategy, the SCC Breathing Spaces Strategy, SCC Local Plan and wider plans for development of Sheffield City Centre, tackling the climate emergency and requirement for reductions in carbon emissions.</p> <p>The project aligns closely to SCRMCA SEP and Renewal Action Plan objectives.</p> <p>It should be noted that the alternative option, to construct a multi-storey car park may deliver larger scale direct financial and economic benefits. However, given the strategic case and core objectives put forward for the project we believe it is appropriate to discount such an option at the longlist stage.</p>
Value for Money
<p>As the project appears to be integral to the aims and objectives for the wider HoC2 scheme an assessment of the Benefit Cost Ratio (BCR) that could be associated with the full £42 million of public funding required for the wider scheme has been undertaken by the Assurance Team (£4million GBF, £2m TCF, £6m SCC funding and a further £30m SCC funding required for the H2 Office block)</p> <p>This BCR suggests that the employment associated with the wider scheme would generate £328m in gross GVA over ten years and £127m in net additional benefits. Discounted at 3.5% this suggests a NPV of £105m. Set against the NPV of £42 million of public funding, this implies a BCR of 2.6 : 1, i.e. £2.60 of net additional benefits would be generated for every £1 of public funding contributed.</p> <p>This would represent strong value for money, in line with the benchmark set by the DCLG 2016 Appraisal Guide.</p>
Risk
<p>The Appraisal Panel should be aware of the risk associated with a failure to secure funding for the Rockingham and Pinstone Street TCF proposals. While this does not compromise the overall case for</p>

¹ BIS (2016). 'Rebalancing the Economy'

GBF funding, it would be likely to reduce the value for money associated with HoC2. The relationship between the schemes should be considered when appraising the case for TCF investment.

Ongoing uncertainty surrounding COVID-19 means that demand for office take up will remain uncertain, at least until HoC2 office developments are completed. This could affect the scale of benefits generated through the project. Nonetheless, we believe the strategic and environmental case for investment in the project is strong enough to warrant public investment regardless.

Delivery

The applicant has set out a clear account and plans for risk management, project delivery, governance and management. The applicant has set out a clear and realistic set of delivery milestones, and timetabling for key dependencies, including around:

- the procurement of a contractor for the new square at Carver Street (scheduled for completion in October 2020)
- planning permission for the pocket park on Block G (expected to be uncontroversial)

GBF funding is recommended to be conditional on approval for both the Carver Street square and pocket park on Block G.

Delivery of the proposed scheme appears feasible, despite some disruption to Carver Street (see appraisal Strategic Assessment). Proposed milestones appear realistic.

Legal

The proposed scheme will invest in public goods on publicly owned land. Although it will complement wider HoC2 commercial developments, it will not support them directly. As such State aid requirements do not apply.

Recommendation and Conditions

Recommendation	Full award subject to conditions
Payment Basis	Payment on defrayal
Conditions of Award (including clawback clauses)	

The following conditions must be satisfied before contract execution.

1. Detailed milestones which will be monitored against, and if not met, may result in funding being withdrawn or clawed back.

The following conditions must be satisfied before drawdown of funding.

2. Following the procurement of a contractor, SCC to confirm the final tender price is consistent with the FBC Financial Case
3. SCC to confirm that Planning permission for Carver Street Square and the pocket park on Block G has been secured
4. Agree detailed schedule of inclusive growth indicators and targets (e.g. % of [previously unemployed] locals offered permanent contracts and apprenticeships, mentoring and school engagement and engagement with the local supply chain) to ensure the project delivers wider social and economic benefits and that these can be captured, monitored and reported. This should include monitoring the use of green spaces, any benefits generated by those users and any neighbouring commercial developments.

Record of Recommendation, Endorsement and Approval

Sheffield Heart of the City Breathing Spaces

Appraisal Panel Recommendation		Board Endorsement		MCA Approval	
Date of Meeting		Date of Meeting		Date of Meeting	
Head of Paid Service or Delegate	Ruth Adams Deputy CEX	Endorsing Officer (Board Chair)		Approving Officer (Chair)	
Signature		Signature		Signature	
Date		Date		Date	
S73 Officer or Delegate	Simon Tompkins Finance Manager	Statutory Finance Officer Approval			
Signature					
Date					
Monitoring Officer or Delegate	Steve Davenport SCR CA Solicitor				
Signature					
Date					
		Name:			
		Signature:			
		Date:			

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Appraisal Panel Summary

Scheme Details

Project Name	Rotherham Town Centre Masterplan		
Grant Recipient	Rotherham Metropolitan Borough Council		
SCR Executive Board	Infrastructure	SCR Funding	£2,180,000
% SCR Allocation	54%	Total Scheme Cost	£4,052,425

Appraisal Summary

Project Description

There is a very clear vision for Rotherham Town Centre, stemming from the extensive work undertaken through the Town Centre Masterplan (TCM). Importantly, the vision and masterplan are 'current' and well-aligned to the unique and significant challenges facing the town centre. In summary, this vision and proposal will enable Rotherham's communities to reclaim their town centre as a space for families. Flipping the traditional role of town centres as commercial heartlands to create a focus on flexible residential, culture and curated retail to create a blueprint for a town centre that meets the needs of its communities and visitors alike, creating opportunities for inclusive growth, employment and sustainable development. This request includes three projects that are within the adopted Masterplan.

Public Realm Improvements

Improvements to the key streets in the heart of the pedestrianised Rotherham Town Centre. Works will include the complete resurfacing of Bridgegate, Effingham Street, College Street and Howard Street, as well as the replacement of all existing street furniture and lighting. Works will improve accessibility around the town centre and address existing DDA compliance issues.

HE Hub Acquisition & Demolition

The HE Hub site forms an integral part of the Rotherham Markets Complex redevelopment, one of the key projects in the Town Centre Masterplan. The site will house the new Community Sector Hub building to sit alongside the relocated Central Library, providing a 'one-stop-shop' service for social and community support provision for the local population. As well as high quality public realm. In addition, the new building and wider treatment will enhance a key gateway into Rotherham town centre. This future development is outside the scope of this project and is due to commence in late 2021/early 2022.

Riverside Precinct Acquisition & Demolition

The critical need for a major scheme was highlighted in the Masterplan – The Forge Island development is to act as a catalyst for the regeneration and repurposing of Rotherham town centre. Muse Developments Ltd were selected as the Council's development partner in 2018 to help bring forward this key catalyst site. Riverside Precinct, to which RMBC hold the freehold interest, is located on the east bank of the River Don forms an integral part of Muse Developments first stage of development on Forge Island, connecting the main island site to the rest of the town centre.

The proposal is to demolish the existing buildings on the site and undertake preparatory works to prepare the site for future development, and therefore forms part of the advanced enabling works to prepare the site for development by the Council's Forge Island development partner, Muse Developments Ltd.

Strategic Case

The proposed projects have a clear strategic rationale and would build on the wider work being undertaken for the adopted Town Centre Masterplan. In unlocking the Riverside Precinct and former Education Hub sites, this will enable the redevelopment of Rotherham town centre to come forward. The wider Town Centre Masterplan has a very strong strategic fit with the SEP and Renewal Action Plan.

The scheme has a clear strategic rationale, building on the work undertaken for the adopted Town Centre Masterplan. In unlocking the Riverside Precinct and former Education Hub sites, this will enable the redevelopment of Rotherham town centre to come forward.

In relation to the Renewal Action Plan, the scheme has the potential to counteract the market forces observed in urban centre operations in light of COVID-19, which has placed greater urgency for investment and regeneration in supporting their changing role. Public realm improvements in Rotherham have been identified as a shovel-ready infrastructure investment project that could support the town centre in modernising.

Value for Money

Given the nature of the projects being brought forward (principally demolition and public realm works), there are limited direct employment and GVA impacts that will be generated by the proposed project. However, without this project going ahead, future schemes, including the Rotherham Markets Complex redevelopment and the Forge Island development, would not be able to be brought forward as quickly as desired. The projects proposed in this application are fundamental in allowing the delivery of future schemes and it can be assumed that the completed schemes will generate significant employment and GVA benefits.

Aside from the economic benefits that might be generated in unlocking future schemes, there are a number of further economic benefits that will be generated through the projects included in this application:

- 20 safeguarded construction jobs
- 6,165sqm of new public realm (through the Town Centre Public Realm Scheme)
- 0.22ha brownfield land remediated

In addition to these benefits, the projects included in this application are expected to generate significant social and environmental impacts, which have not been accurately displayed by the applicant. Positive social value that could be generated includes an improved perception of the town and positive environmental benefits will also be generated by this project through an improved urban environment and an enhanced pedestrian environment which will encourage more town centre users to travel by public transport, cycle or walk.

Based on the evidence showed above, and the potential for the completed schemes (which would be unlocked through the proposed projects in this application) to generate significant economic benefits for Rotherham Town Centre, we recommend that overall, the project would represent strong value for money.

Risk

The risk register provided by the applicant provides a good overview of the potential risks associated with the project. A range of mitigation measures have been inserted into the risk register which, if followed, should mitigate any potential risks.

One of the key risks for the project is the need to acquire the long lease for the HE Hub. The applicant states that negotiations are already at an advanced stage, with a District valuer already instructed for the site. Failure to acquire this site would limit the potential for development in line with the Masterplan.

The projects have all been developed following the market analysis, which was undertaken as part of the masterplan's development and included stakeholder analysis, an independent 'market consultancy report' and a Retail & Leisure Study. All of these studies show the market demand for refocusing the town centre away from traditional retail uses to a blended approach. The two key schemes (Forge Island Development and the Rotherham Markets Complex redevelopment) show strong market demand, although these will have been dampened through COVID-19.

Delivery

There is already a clear project management plan detailed by the applicant, with the Town Centre Masterplan Project Board already established. A detailed project plan has been provided for the Riverside Precinct project (led by Muse Developments Ltd), although limited detail has been provided by the applicant relating to key milestones relating to each to the public realm improvements and the HE Hub development, particularly in relation to how this phase of work relates to the wider project.

For the HE Hub Acquisition & Demolition the Council are currently in final negotiations to agree the final purchase price for the current long lease and internal approval has already been secured for its acquisition and immediate demolition and remediation to prepare the site for the upcoming Markets Redevelopment.

For the Riverside Precinct the Council is still in negotiations with the single remaining unresolved lease in operation at the site, planning permission was granted for the wider Forge Island development in June 2020.

Legal

There are no State Aid concerns regarding this application, with all works set to be undertaken by Rotherham Metropolitan Borough Council, with contractors appointed through identified frameworks. All works are to take place on sites owned by the Council.

Recommendation and Conditions

Recommendation	Full award subject to conditions
Payment Basis	Payment on defrayal
Conditions of Award (including clawback clauses)	

The following conditions must be satisfied before contract execution.

1. Detailed milestones which will be monitored against, and if not met, may result in funding being withdrawn or clawed back.

The following conditions must be satisfied before drawdown of funding.

2. Following the procurement of a contractor, RMBC to confirm the final tender price is in line with the FBC Financial Case.
3. Agree detailed schedule of inclusive growth indicators and targets (e.g. % of [previously unemployed] locals offered permanent contracts and apprenticeships, mentoring and school engagement and engagement with the local supply chain) to ensure the project delivers wider social and economic benefits and that these can be captured, monitored and reported. This should include monitoring the use of green spaces, any benefits generated by those users and any neighbouring commercial developments.

The following conditions must be included in the contract

4. The acquisition of the long lease for the HE Hub has been complete before any costs can be drawn down for this element.
5. The acquisition of lease for the riverside is complete before any costs can be drawn down for this element.

Record of Recommendation, Endorsement and Approval

Rotherham Town Centre Masterplan

Appraisal Panel Recommendation		Board Endorsement		MCA Approval	
Date of Meeting		Date of Meeting		Date of Meeting	
Head of Paid Service or Delegate	Ruth Adams Deputy CEX	Endorsing Officer (Board Chair)		Approving Officer (Chair)	
Signature		Signature		Signature	
Date		Date		Date	
S73 Officer or Delegate	Simon Tompkins Finance Manager	Statutory Finance Officer Approval			
Signature					
Date					
Monitoring Officer or Delegate	Steve Davenport SCR CA Solicitor				
Signature					
Date					

Appraisal Panel Summary

Scheme Details

Project Name	Century BIC Phase II		
Grant Recipient	Rotherham Metropolitan Borough Council		
SCR Executive Board	Infrastructure	SCR Funding	£2m
% SCR Allocation	56%	Total Scheme Cost	£3.6m

Appraisal Summary

Project Description
<p>Delivery of Century Business Centre Phase II - a second phase of the popular Century Business Park. This phase will create around 17,000 sq. ft. of new floor space for office and clean manufacturing “move on” space within B1 use class. This high quality, publicly owned and operated employment space will be made available to business within the local area, as well as to the wider Borough and City Region. Building on the first phase of the Century Business Park this project will allow current occupants and other businesses to move to larger premises as their business grows, alongside providing additional managed space suitable for new businesses as the Council looks to assist the economic recovery caused by the Covid pandemic.</p> <p>With land acquisition and construction works for Phase I £4m+ having taken place, considerable investment has already been made in the area. The site already benefits from excellent road infrastructure with capacity designed to be capable of accommodating the anticipated increase in vehicle movements associated with further plots coming forward. Landscaping and public realm works created a high-quality environment for the businesses based there which will be further enhanced as part of this scheme.</p> <p>SCR funds will be used to fund all elements of the development; excluding prelims, and site surveys that have already been paid for from the approved RMBC budget within the Councils Capital Programme.</p>
Strategic Case
<p>The project is strongly aligned to the current Strategic Economic Plan (2015-2025) for growing the economy through a larger private sector. Specifically, it will provide SCR businesses with the support to reach their growth potential by providing ‘grow-on’ space for expanding businesses; thereby freeing up smaller premises for business starts. It will also secure investment in infrastructure to support economic growth.</p> <p>There is an alignment to the Places priorities in the SCR Renewal Action Plan, as the project will expand on an existing business park and is a shovel-ready infrastructure investment scheme. It is less clear how the project will align with the people and employers priorities of the RAP.</p> <p>The project will broadly support SMEs in realising their growth ambitions, by providing the infrastructure needed to support business start-up, business expansion and employment growth. It is therefore well aligned with the Business Growth Board, whilst contributing to the Skills and Employment and Infrastructure Boards.</p> <p>Due to its location, the project is also aligned with Barnsley Council’s economic vision and ambitions for regeneration and job creation in the Dearne Valley, in addition to those of Rotherham Council as the scheme promoter.</p>
Value for Money
<p>The project is estimated to generate net additional GVA of approximately £21.8m over 10-year period for the SCR economy. This equates to a return of £11.66 for every £1 of SCR MCA funding.</p>

The project delivers 71 net additional jobs (81 gross additional) at a cost per job of £28,138. This provides acceptable value for money.

Vehicle movements to the site are anticipated to increase by 100 per day; however, the highway network has been assessed as capable of accommodating this additional traffic without significant detriment to the highway operation. Construction will have to adhere to the Council's Core Strategy CS28 'Sustainable Design'. The project is not expected to have any negative social impacts.

Risk

Key risks to the Economic Case are the realisation of benefits and the level of certainty as to the project costs. Benefits have been calculated using a recognised method of converting floorspace type/area into FTE's using HCA density guidelines, which is considered acceptable. There is the possibility that the project could displace FTE's from the existing Phase 1; however, this has been taken account of in the assessment of value for money by assuming displacement is 25%. There is also the possibility that COVID-19 may reduce employers' appetite to take on new employees and larger space; however, the applicant reports that the Council's business centre occupancy rate has only a slight decrease of 3%, highlighting the strong demand for these centres.

The applicant has specified cost certainty at only 60%. This is low for a project at FBC stage and likely reflects that the project is not yet at procurement stage. A contingency budget of 7% has been allocated in the project costs; however, given the level of cost certainty, this is on the low side. Furthermore, the applicant has not committed to covering cost overruns and has indicated within the business case that they would potentially look to reduce the scope of the project. Therefore, there is a risk that this could lead to a reduction in the estimated benefits the project delivers.

In para 4.6 of the FBC, RMBC state that without any other available funding, cost increases would be covered by RMBC via additional borrowing, The prudent assumptions made in the development appraisal on interest rates (prevailing rate at 18.9.2020 is 2.59% compared to 4.19% assumed in the development appraisal) means there is a degree of flexibility to absorb cost over-runs without impacting on the Council's target profitability and breakeven point.

Overall, the levels of risk seem acceptable. Risks have been identified which could be a result of COVID, such as cost overruns and delays to delivery. Robust costings and detailed up front investigations and plans has helped to mitigate these risks to an extent.

Delivery

A Project Team is established which is led by an appointed Project Manager. The Project Manager is responsible for day-to-day management of the project, working under PRINCE II guidelines. The Project Manager is currently in place working with the Investment & Economic Initiatives Team, in the Rotherham Investment & Development Office.

The scheme has laid out future milestones which appear realistic. It is encouraging that significant work has already been undertaken to advance the project to this stage.

Legal

The project has sought legal advice which has proposed that there is state aid, but that this can be covered by GBER. RMBC is proposing to use Article 56 to undertake the project. This restricts public grant to the difference between investment costs and operating profit.

Whilst an initial development appraisal has been carried out on the centre, RMBC have been asked to check and refine this so that it presents an accurate and up to date picture of the overall viability of the development. Grant funding should be restricted in a grant offer letter to the difference if this is less than the request for £2m.

Recommendation and Conditions

Recommendation	Full award of up to £2m subject to conditions
Payment Basis	Payment on defrayal
Conditions of Award (including clawback clauses)	
<p><i>The following conditions must be satisfied before contract execution.</i></p> <ol style="list-style-type: none">1. Detailed milestones which will be monitored against, and if not met, may result in funding being withdrawn or clawed back.2. RMBC to provide a development appraisal which demonstrated the difference between investment costs and operating profit to support compliance with State Aid. Maximum grant will be restricted to this difference, up to a maximum of £2m. The business case will need to be updated to reflect this change. <p><i>The following conditions must be satisfied before drawdown of funding.</i></p> <ol style="list-style-type: none">3. Following the procurement of a contractor, RMBC to confirm the final tender price is consistent with the FBC Financial Case4. Agree detailed schedule of inclusive growth indicators and targets (e.g. % of [previously unemployed] locals offered permanent contracts and apprenticeships, mentoring and school engagement and engagement with the local supply chain) to ensure the project delivers wider social and economic benefits and that these can be captured, monitored and reported.	

Record of Recommendation, Endorsement and Approval

Century BIC Phase II

Appraisal Panel Recommendation		Board Endorsement		MCA Approval	
Date of Meeting		Date of Meeting		Date of Meeting	
Head of Paid Service or Delegate	Ruth Adams Deputy CEX	Endorsing Officer (Board Chair)		Approving Officer (Chair)	
Signature		Signature		Signature	
Date		Date		Date	
S73 Officer or Delegate	Simon Tompkins Finance Manager	Statutory Finance Officer Approval			
Signature					
Date					
Monitoring Officer or Delegate	Steve Davenport SCR CA Solicitor				
Signature					
Date					
		Date:			

Appraisal Panel Summary

Scheme Details

Project Name	iPort Bridge		
Grant Recipient	South Yorkshire Passenger Transport Executive.		
SCR Executive Board	Transport and Environment	SCR Funding	£5,458,141
% SCR Allocation	94%	Total Scheme Cost	£5,798,291

Appraisal Summary

Project Description
<p>The iPort is one of the UK's largest multimodal logistic hubs, located southeast of Doncaster, near junction 3 of the M18 motorway. This is already a large employment site for the region and is partially developed, to the north. When the site is fully occupied, the iPort will have created in the region of 5,000 new jobs. The current occupiers of the site include Amazon and Lidl.</p> <p>Access to the iPort by public transport and active travel modes is currently restricted to Great Yorkshire Way, from the north of the site. This access restriction increases the reliance on the private car for employees and visitors to the iPort.</p> <p>The proposal is for a new bridge and highway link between West End Lane in New Rossington and iPort Avenue. The scheme would facilitate up to 8 buses per hour (55/56 bus service) being routed through the iPort via a bus gate along a camera enforced bus lane. This would make public transport a viable option for people working and visiting the iPort. The proposal also includes a segregated pedestrian and cycle bridge connection, providing improved active travel access between the iPort and the surrounding residential areas.</p> <p>The MCA funds (DfT TCF) would pay for the design and associated infrastructure costs in relation to the iPort bridge scheme. This includes:</p> <ul style="list-style-type: none"> • A new bus, pedestrian and cycle highway and bridge link (approx. 0.5km); • A new junction onto iPort Avenue; • A segregated cycle / footway; • A camera enforced bus lane; • Relocation of one bus stop; • Three new bus stops; • Bus lane signals; • Signalised crossings on West End Lane. • Associated scheme landscaping.
Strategic Case
<p>The proposed scheme has a clear strategic rationale. The outline business case (OBC) demonstrates strong linkage to transport strategy goals, mayoral commitments and policies. It is also completely aligned with the SEP, enhancing green connectivity and improving access to jobs particularly for residents of the Rossington area. The scheme also clearly supports the overarching core TCF objectives. The OBC strategic case demonstrates good linkage with other relevant national and local policies, including NPPF, Doncaster Core Strategy Development Plan, and the emerging Local Plan.</p> <p>The main potential adverse consequence of the bridge going ahead is localised noise disbenefit to the rear of properties on Heatherfields Crescent, which has been recognised by the promoter in the design. The main potential adverse consequence of the scheme not going ahead is continuing poor green connectivity between iPort and the residential area to the east. This will lead to poorer employment prospects for residents of that area (particularly for non-car-owning households) and a constrained</p>

labour market for iPort businesses. The potential adverse consequences of the scheme not going ahead appear to significantly outweigh those of going ahead.

Value for Money

The modelling and appraisal approach that has been adopted is logical, proportionate and robust. The decision not to use the SCR strategic model (SCRTM1) is supported, given the nature of the scheme. The benefits of improved bus operations arising from the proposed bridge; and from improved connectivity for pedestrians and cyclists has been appraised.

The approach adopted is well-aligned with WebTAG guidance and data values and uses the DfT AMAT tool appropriately. There are some areas where the forecast benefits may be seen as conservative, as noted above. It is recommended that in the FBC additional benefits highlighted above are considered, including the additional two-minute time saving on bus services serving the south of iPort; and additional benefits from cycling and walking trips transferring from car use.

Costings appear to be accurate to a level that would be expected at OBC stage. Appropriate allowance has been made for both risk and optimism bias.

The overall BCR, as calculated, represents high value for money. Sensitivity testing to understand the impact of lower and higher bus demand on BCR still shows high value for money in both cases. For completeness, it is recommended that for the FBC, additional sensitivity testing on walking and cycling demand is undertaken within AMAT, in line with the MCA TCF COVID-19 Supplementary Guidance Note 2020.

Risk

From the quantified risk assessment based on the risk register, £1,468,791 allowance has been added to the inflation-adjusted base cost. Optimism bias has been allowed for at 15% for highway and civil engineering elements and 23% for bridge elements, which are in line with the recommendations for Stage 2 design in SCR's TCF business case guidance.

The key risk for the scheme is that the business case rests heavily on the improved bus connection and journey times to iPort that it provides. The current services 55 and 56 are commercial services, and therefore subject to market forces (including COVID impacts). Clarification has been sought on how SYPTE would manage this risk. The clarification indicates that the assessment of the routes commercial risk is low and that SYPTE operates a tendered service which could be adjusted if future demand requires it. It is recommended that this statement is further examined at FBC, with the potential for a condition to be included into the final contract award for the scheme which would maintain public transport provision if commercial decisions outside of the promoters control remove the current service.

Delivery

The project Management and Delivery plan is clear and appropriate to the nature of the scheme. The project management structure is clearly defined, and scheme milestones are clearly mapped out and appear achievable and realistic.

Monitoring and evaluation procedures are not yet defined, as they need to fit within the overall MCA TCF monitoring and evaluation plan which is still in development. A monitoring and evaluation plan for the scheme should be submitted as part of the FBC.

Legal

State Aid requirements have been carefully considered and legal opinion sought, leading to a clear and justified conclusion that State Aid is not applicable to this scheme.

Recommendation and Conditions

Recommendation	Approval to progress to FBC and draw down further scheme development funds
Payment Basis	Payment on defrayal
Conditions of Award (including clawback clauses)	
<p><i>The following conditions must be satisfied before contract execution.</i></p> <p>None at this stage. Inclusion of condition are subject to submission of the Full Business Case.</p> <p><i>The following conditions must be satisfied before drawdown of funding.</i></p> <p>None at this stage. Inclusion of condition are subject to submission of the Full Business Case.</p> <p>The following conditions must be included in the contract</p> <p>None at this stage. Inclusion of condition are subject to submission of the Full Business Case.</p>	

Record of Recommendation, Endorsement and Approval

Barnsley Digital Innovation Hub

Appraisal Panel Recommendation		Board Endorsement		MCA Approval	
Date of Meeting		Date of Meeting		Date of Meeting	
Head of Paid Service or Delegate	Ruth Adams Deputy CEX	Endorsing Officer (Board Chair)		Approving Officer (Chair)	
Signature		Signature		Signature	
Date		Date		Date	
S73 Officer or Delegate	Simon Tompkins Finance Manager	Statutory Finance Officer Approval			
Signature					
Date					
Monitoring Officer or Delegate	Steve Davenport SCR CA Solicitor				
Signature					
Date					
		Date:			

16th November 2020

Transport Infrastructure Investment Fund – Pothole and Challenge Fund

Purpose of Report

To present the MCA with a proposal for the allocation of Transport Infrastructure and Investment Fund - Pothole and Challenge Fund Allocation from the Department for Transport.

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 report is available under the Freedom of Information Act.

Recommendations

That members of the MCA agree to the proposal for distribution of the funding as listed in Figure 1 or confirm an alternative method for allocating the funding.

1. Introduction

- 1.1 DfT have awarded Sheffield City Region £13.605m from the £1.7bn Transport Infrastructure Investment Fund (TIIF), announced in May to improve journeys for cyclists, pedestrians and drivers across England through repairs to local roads.
- 1.2 The settlement letter for this award, detailing the grant conditions was delayed and was provided on 11th September. The guidance received deviates from the distribution methodology usually applied by DfT for maintenance funding and the Department have confirmed that the distribution of this award is a local decision. The report provides a proposal for how this award could be applied.

2. Proposal and justification

- 2.1 Maintenance allocations from DfT are calculated by the Department using a formula that takes into account the length and number of highways assets within a local authority area. The full details of this calculation, or the base data used are not publicised by the Department.
- 2.2 During 2012-13 Sheffield City Council implemented the PFI Highways scheme, since this date all SCC's highways maintenance requirements have been met through this and they have not been eligible for further DfT funding allocations. Throughout the current settlement period, 2015/16 to 2020/21, the regional maintenance allocations have been distributed to BMBC, DMBC and RMBC on a consistent ratio.

- 2.3** The exceptions to this ratio and eligibility criteria have been the Challenge Fund programmes; competitive submissions where DfT have awarded based on specific project proposals. In the most recent round, October 2019, SCC were eligible to apply.
- 2.4** Following the initial TIIF announcement DfT verbally advised that the SCR allocation had been established using the standard formula which excluded SCC. The settlement letter however stated, "The allocations in this letter include a share of the Pothole and Challenge Fund in respect of Sheffield City Council". The Department were asked to provide further information on how the award was calculated and any expectations they had on distribution. Their response advised that distribution and use is a local decision.
- 2.5** TIIF was part of the May announcement but the funding that makes up the Pothole and Challenge element is not new. The national fund is £650m, sourced from the Budget 2020 Pothole Repairs allocation (£500m), existing 2020/21 Pothole Action Fund (£50m) and the second phase of the Highways Challenge Fund (£100m)
- 2.6** As these were known national allocations the eligibility for each has been reviewed and it is proposed that these original criteria are applied pro-rata to the various sources as a means of ascertaining the regional distribution. The Challenge Fund opportunity, open to all four authorities, makes up 15.4% of the total (£100m/£650m). The Pothole funds making up the other 84.6% have only been applicable to BMBC, DMBC and RMBC.
- 2.7** Where only the three authorities were included the consistent ratio from the current settlement period has been applied. Where all four are included there is no current formula that could be used so the period prior to implementation of SCC's PFI has been used as a basis. See Figure 1 below for the resultant distribution proposal.

Figure 1. Distribution of TIIF based on source fund eligibility.

Potholes Total	£550,000,000	Challenge	£100,000,000	Partner Total
	84.61538%		15.38462%	
Distribution of regional total	£11,511,923	Distribution of regional total	£2,093,077	£13,605,000
B	£3,476,649.43	B	£449,654.04	£3,926,303
D	£4,625,792.82	D	£519,254.26	£5,145,047
R	£3,409,480.83	R	£398,833.62	£3,808,314
S	£0.00	S	£725,335.00	£725,335
Percentage shares based on current HCM Needs distribution		Distributed using the 2-year average prior to PFI		

3. Consideration of alternative approaches

- 3.1** A per-capita split has been considered as an alternative method for distributing shared resources. Using the most recent mid-year population estimates (2019) would result in the shares detailed in figure 2 below.

Figure 2. Per-capita Distribution of TIIF

Area	Population	% of regional population	Share of allocation
B	246,866	17.52%	£2,383,651
D	311,890	22.14%	£3,011,500
R	265,411	18.84%	£2,562,715
S	584,853	41.51%	£5,647,134
Total	1,409,020	100%	£13,605,000

- 3.2** This method is not recommended as it doesn't account for the decision made by SCC to implement the PFI and the benefits this has produced in terms of their highway assets

condition. This would also result in the other Authorities seeing a significant reduction in the share they would have anticipated through the original funding.

- 3.3** A competitive submission or needs based approach could be undertaken with authorities asked to present cases for evaluation. However, the funding available for asset maintenance has reduced significantly resulting in a backlog of needs that exceeds the total funding many times over. The proposed approach enables each authority to prioritise these needs based on their dynamic assessment of asset condition and to deploy this funding more quickly.

4. Implications

4.1 Financial

DfT have already made payment of the allocation and there are no performance or reporting conditions attached to the settlement so there are no further implications beyond those detailed in the report.

4.2 Legal

Any allocation will require an agreement to be established between SCR and the recipient authorities.

4.3 Risk Management

All the existing Highways Capital Maintenance allocations are included in quarterly reporting to Transport Executive Board, the TIIF allocations can be added to this regime for transparency and risk management purposes.

4.4 Equality, Diversity and Social Inclusion

Equality, Diversity and Social Inclusion has been actively considered in the design of all local authority transport projects.

5. Communications

- 5.1** None directly arising from this report.

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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16th NOVEMBER 2020**BUDGET REVISION 2****Purpose of Report**

This report provides revised budget forecasts to the end of the year, including the adoption of a number of new funding streams. The report recommends the adoption of the budget estimates and adjustments to budgetary ceilings.

Thematic Priority

All.

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

The paper will be available under the Combined Authority Publication Scheme

Recommendations

The MCA Board:

1. Adopt the revised budget estimates;
2. Approve the adoption into the capital programme of a gainshare capital fund totalling £18m;
3. Approve an increase in the revenue budget ceiling by £42m to accommodate gainshare funded activity and Covid Tier 3 Restriction funding; and,
4. Note the slower than forecast pace of the capital programme.
5. Approve the contracting arrangements to secure external support for the delivery of the Adult Education Budget Implementation Plan.

1. Introduction

- 1.1** Over the course of the year the MCA's capital and revenue budgets have seen significant change following the economic disruption caused by the pandemic and the resultant fiscal response from the government.
- 1.2** To ensure the MCA properly understands these issues, a second budget revision exercise has been undertaken at the mid-year mark to review the MCA's financial position. This exercise sought to re-test income and expenditure assumptions, and re-forecast budgets and programmes to the end of the financial year.
- 1.3** The results of this exercise highlight a number of notable issues that will influence the MCA's financial position over the remainder of the year:
 1. Whilst the commercial viability of the South Yorkshire transport network remains a significant concern, it is now expected that government will retain support packages in their current form until the end of March;
 2. Previously reported disruption to the MCA Executive budget has now been stabilised, with resource now being released to support priority activity that was previously paused;

3. The first tranche of gainshare funding is now being accessed, with plans in development with Members for its full deployment;
 4. It is now anticipated that the MCA will receive £30m from government in support of those sectors of the South Yorkshire economy affected by the transition into Tier 3 restrictions, with collaborative work underway across the region to develop support schemes; and,
 5. Concerns around the pace of some parts of the MCA's capital programme are now beginning to crystallise.
- 1.4** Taken together, these prominent issues reflect a pivot from reactive management of the immediate unplanned consequences of the pandemic to a more proactive stage: supporting the stabilisation, protection, and recovery of the wider South Yorkshire economy.
- 1.5** Since the last reporting date, concerns around the MCA's immediate financial exposure to falling patronage and fare-box income on buses and trams across the region has abated with the announcement that government intends to extend its existing emergency support package to the end of the financial year.
- 1.6** This announcement gives much needed near-term stability to financial planning but does largely defer the problem to the new financial year. Work continues apace to develop plans on how the MCA could respond to a withdrawal of government support before patronage recovers to sustainable levels, and these plans will underpin budget planning for the new financial year.
- 1.7** The transition of South Yorkshire to Tier 3 of the Covid restrictions presents many challenges for the region, its communities and businesses. Collaborative work is underway between the MCA and local authority partners to develop South Yorkshire wide schemes to support affected businesses, using the £30m of government support expected to be received by the MCA.
- 1.8** The stabilisation of the MCA financial position following the approval of mitigations noted in the Quarter 1 reporting, and the injection of gainshare funding, has allowed for the release of resource to support investment in activity previously paused. This principally includes recruitment in the Business Growth and Skills & Employment teams who will have an important role to play in support to the local economy and communities.
- 1.9** The revised budget estimates presented in this report further reflect the work underway across the region to deploy the first tranche of gainshare in support of recovery and renewal efforts. This report recommends an increase in the capital programme ceiling to accommodate gainshare funded activity in development, and a further increase in the revenue budget ceiling to accommodate both emergency support to local authority partners and the MCA, and the deployment of resource in support of Renewal Action Plan priorities currently being defined with Members.
- 1.10** Finally, this report notes that in common with peer authorities across the country, as significant focus is aimed at immediate priorities other planned activity is not proceeding at the pace previously forecast. This is a particular issue for the MCA's capital programme where previously reported concerns on certain programmes are now beginning to crystallise. Early warning of these issues has allowed for the MCA and partners to begin to address these issues.

2. Proposal and justification

South Yorkshire Operational Transport Revenue Budgets

- 2.1 The Operational Transport revenue budget activity consists of that of the South Yorkshire Transport Executive (SYPTTE), and those associated costs managed at the MCA level. Those latter costs largely relate to the costs of debt and receipts arising from cash management which are managed at the Group level.
- 2.2 These budgets have experienced significant disruption over the first half of the year, as the public transport network has been impacted by the pandemic and resultant restrictions implemented to stem its proliferation.
- 2.3 Initial travel restrictions, the shift to home-working, and the impact of social distancing measures on the leisure, retail and hospitality sectors have all impacted on patronage on the public transport network. At the time of writing, patronage on bus and tram systems had recovered to only c.50% and c.40% of pre-Covid levels respectively.
- 2.4 This loss of fare-paying patronage significantly impacts revenue generation, leading to concerns around the commercial viability of services. As services are generally run on a for profit basis by commercial operators, there is a significant underlying risk that unviable services are withdrawn by operators to the detriment of community mobility and the wider recovery effort.
- 2.5 In mitigation of this risk the bus and tram network has received significant public subsidy since March 2020. The MCA, through SYPTTE budgets, has contributed material support through paying concessionary fares at pre-Covid volume levels, which has guaranteed a baseline of income for operators. This has been complemented by significant amounts of direct grant support to the operators by government.
- 2.6 Government support to-date has been on a short-term rolling cycle, with cliff-edges leading to major concerns around the capacity of the MCA to react to a withdrawal of that support.
- 2.7 However, in the last month government support at existing levels has now been guaranteed until January, with an intention for its continuance until the end of the financial year. This extension delivers much needed near-term financial stability and allows the Group to better develop plans for sustainable local support to the network should government withdraw or reduce its support in the new financial year.
- 2.8 The stability this commitment provides gives the MCA greater confidence on its budget forecasts, which now suggest that the Operational Transport budgets will cumulatively underspend by c. £0.36m.
- 2.9 This underspend consists of a number of issues including income shortfalls, underspends on concessionary fares, increased Covid related expenditure, and the start of Bus Review activity:

Budget Movements	£k
Forecast Savings:	
Concessions	-£1,455
Debt Provisions	-£375
	-£1,830
Forecast Pressures:	
Tendered Bus Services	£263
Operational Departments	£218
Income Shortfalls	£703
	£1,184
Bus Review Implementation Work	£285
Net Underspend	-£361

- 2.10** Concessions are currently underspending against budget in recognition of the agreement with government and operators to pay a flat fee to operators based on pre-Covid patronage volumes, whilst so ever government support is in place. This guarantees operators a baseline of predictable income and is significantly in excess of the levels that would be paid if actual volume levels were used. The underspend arises largely because base budgets anticipated growth in volumes and unit cost in the new year.
- 2.11** Underspend on debt provisions reflects a timing issue, with a longer-repayment profile adopted than originally forecast for debt taken on to finance the Rotherham Interchange renewal works.
- 2.12** Income shortfalls arise from a number of sources including rents generated from interchanges, car parking charges, and commission generated on ticket sales. The MCA is hopeful that some of this shortfall will be recovered from government's income loss relief scheme.
- 2.13** Resource is also set aside for the initial work into the Bus Review (£0.29m). Work around the environmental, route, and quality workstreams is now planned to commence in the current year. This work is unbudgeted, with Members previously agreeing for the work to be funded from in-year underspend or MCA Operational Transport reserves.
- 2.14** Finally, it should also be noted that provision was earmarked in this year's levy contribution for a degree of investment in services (£1.1m). As concerns have focussed on maintaining existing levels of service provision rather than growth, this resource has not yet been adopted into the budget and remains available for deployment.
- 2.15** Noting the ongoing uncertainty beyond the near-term, it is proposed that underspend and uncommitted resource be held as in-year reserve. This resource can be deployed to immediate pressures or priority activity should the need arise.
- 2.16** MCA/LEP Operational Revenue Budget
The MCA/LEP revenue budget funds the core costs of the MCA Executive, providing much of the required infrastructure and support for the delivery of the capital and revenue programmes, and delivering the policy, development, and statutory functions.
- 2.17** The MCA/LEP budget is funded from a disparate variety of funding streams. These include small envelopes of ringfenced grant, recharges to the capital and revenue programmes, and then un-ringfenced funding. Un-ringfenced funding includes general grants, member subscriptions, commercial income generated from the MCA's property assets, and retained business-rates generated from the Enterprise Zones.
- 2.18** The net-budget was set at £9.9m for the year, and funded from in-year contributions, a draw on the LGF revenue grant reserve, and a draw on a previously earmarked General Fund revenue reserve.
- 2.19** Previous reports have noted significant strain on this budget area arising from Covid related income shortfalls and expenditure pressures. Mitigations proposed in the last budget report were approved by Board and have now been implemented.
- 2.20** These mitigations stabilised the budget and have since been complemented by the Board's informal approval (to be agreed formally at this meeting) to release £0.74m of gainshare resource to unlock previously paused activity that had been held in abeyance given the severity of the reported pressures.
- 2.21** This additional resource has allowed the MCA to target resource into priority vacant establishment posts in the Business Growth and Skills and Employment Team, and also support extra capacity to support the delivery of the AEB Implementation Plan.

2.22 Appendix 1 details expenditure and income forecasts along with variances to budget, but identified pressures and mitigations can be summarised as:

Budget Movements	£k
Net Pressures	£1,767
Priority Investment Identified	£741
	£2,508
Mitigations:	
New Resource	-£840
Capitalisations	-£410
Release of Provisions	-£629
Draw on Reserve	-£458
Release of Aged Creditors	-£148
Budget Challenge	-£23
Mitigated Pressure	£0

2.23 The following table summarises the overall budget movements at each review point since the adoption of the base budget, with net expenditure increasing by net £0.51m, funding increasing by net £0.33m and a balancing increased draw on reserves of £0.18m:

	Base £k	Var. £k	Rev. 1 £k	Var. £k	Rev. 2 £k	Var. to Base £k
Gross Expenditure	£9,986	£335	£10,321	£680	£11,001	£1,015
Recharges & Specific Grant	-£3,425	-£511	-£3,936	£2	-£3,934	-£509
Net Expenditure	£6,561	-£176	£6,385	£682	£7,067	£506
Available Funding	-£6,278	£430	-£5,848	-£761	-£6,609	-£331
Net Surplus/(Deficit)	£283	£254	£537	-£79	£458	£175
Use of General Fund Reserves	-£283	-£254	-£537	£79	-£458	-£175

MCA/LEP Revenue Programmes

2.24 The 2020/21 budget provides resource for the MCA to deliver several revenue programmes in-year. Expenditure and income related to these programmes is differentiated from the core operational revenue budget, reflecting the discrete funding of the programmes and their often time-limited nature.

2.25 In recent months the value of these programmes has significantly increased as resource flowing to the MCA to support Covid recovery efforts has been announced and gainshare resource has been received.

2.26 The latest forecast expenditure shows full year expenditure of £48.55m, representing an increase on the opening budget of £42.67m. This expenditure is fully funded from ring-fenced grant allocations received in year or held from prior years.

2.27 The following table exemplifies the exemplifies the net growth in this area:

Budget Movement	£k
Opening Budget	£6,476
New Funding	£42,671
Additional Draw on Unapplied Grant	£495
Lower Forecast Expenditure	-£1,091
Forecast to Outturn at Quarter 2	£48,551

2.28 New funding largely relates to the £11.26m of gainshare revenue (£12m less £0.74m reflected in the MCA/LEP operational budget) and the anticipated £30m of Tier 3 Grant support negotiated with government.

2.29 This report recommends that the revenue budget ceiling is adjusted to accommodate both of these new funding streams but recognises that discussions are ongoing with Members on how resource will be deployed.

2.30 A report to today's meeting recommends the release of £5.75m of gainshare resource to local authority partners in support of Covid economic recovery efforts. As further proposals are developed and agreed with Members this resource will be drawn down to individual projects, but at this stage it is prudent to adjust budgetary headroom to reflect the new funding.

2.31 At the time of writing, whilst government have announced Tier 3 Covid support for the region to be received by the MCA totalling £30m, a formal grant letter had not yet been received. Collaborative work is underway across the region to develop a South Yorkshire wide business support scheme and Members will be asked to approve that scheme and the acceptance of the formal grant offer upon its receipt.

2.32 Lower than forecast expenditure largely relates to the Health Led Employment Trial. The MCA is considering options around the future of this activity.

2.33 Appendix A details the full scope of the MCA's revenue programmes, presenting forecast performance against budget at each revision period.

MCA Group Capital Programme

2.34 The MCA's Group level programme was set for the year at c. £112.77m. Since that point a number of new programmes of funding have been announced, whilst delivery pressures have been identified.

2.35 Despite the addition of c. £44.58m of new funding and schemes into the overall programme, the forecast outturn expenditure levels have only increased by £6.64m as expenditure on existing schemes is now forecast to fall short of initial forecasts. These movements can be summarised as follows:

Programme Movements	£k
Base Budget Position	£112,766
New Programmes	£44,580
Slippage/Deferrals	-£37,932
Forecast to Outturn	£119,414

2.36 Forecast programme pressures now account for 30% of the opening programme. These pressures are arising across a number of programmes, and whilst at the mid-year mark issues are beginning to crystallise there is a latent potential for the position to worsen as

activity enters the winter months and additional Covid restrictions impact upon the pace of delivery.

- 2.37** Work is underway within the MCA, and with the collaboration of partners, to understand the drivers for this slippage and seek longer-term mitigations. However, Covid restrictions coupled with the announcement of a significant number of new time-limited programmes has undoubtedly made a challenging target more difficult.

Gainshare Funded Programme

- 2.38** This report seeks approval for the entry into the Group's programme of an £18m gainshare funded programme. Whilst work is underway with Members to develop schemes and activity, it is prudent to adjust the ceiling now to accommodate the likely scope of works.

Local Growth Fund Programme

- 2.39** The LGF programme is now in its final year, with MHCLG reiterating the requirement for all monies to be spent in-year.

- 2.40** Although the LGF programme is showing a material outturn underspend against the full year budget, the key parameter is the forecast outturn expenditure against the in-year funding. On this metric the programme is currently performing well, with forecast expenditure currently in excess of target by £0.46m:

LGF Programme	£k
Target Expenditure	£43,239
Forecast to Outturn	£43,700
Current Headroom on Target	£461

- 2.41** This position has been achieved despite reported slippage of £10.92m over the year-to-date. Dynamic use of the pipeline has allowed slipped or removed activity to be largely replaced by pipeline funding:

LGF Programme	£k
Target Expenditure	£43,239
Slippage	-£10,915
Use of Pipeline	£11,376
Forecast Outturn	£43,700

- 2.42** This approach protects the time limited LGF allocations, with slipped activity falling into the new year. That activity can be funded up to the available capital resource held by the MCA. At this time, this is limited to the £15m capital funding recycled from the former JESSICA fund and a number of recycled loans and receipts totalling £3.46m.

- 2.43** Work is ongoing to test whether there will be further slippage as the year progresses. At this stage there is c. £2.71m of further pipeline schemes that could potentially absorb additional underspend, but as the year progresses it will become ever more difficult to flip schemes in this manner. Should slippage exceed the available resource and LGF underspend not be retained in the region, there is a risk of schemes being unfunded in the new year. Balancing the need to spend the LGF resource and managing the risk of over committing is particularly important.

Transforming Cities Fund (TCF)

- 2.44** The TCF programme is currently reporting slippage of c. £28.78m against the funding profile given to the region by government. This represents c. 88% of the programme for the year, and a deterioration of £16m since the budget Revision 1 exercise was completed in August.

2.45 TCF is awarded in annual allocations, and whilst there is flexibility to move funding between years within a programme cycle, there is a growing risk that the amount of activity being pushed into the final years of the programme will become increasingly difficult to deliver by the end of the programme in March 2023.

2.46 Work has been undertaken between the MCA and local authority partners to review this programme and a report has been prepared for the Transport and Environment Executive Board to recommend a number of mitigations.

Getting Building Fund (GBF)

2.47 The Getting Building Fund represents part of the government's fiscal stimulus package, with £33.6m of funding being awarded to the region for fourteen 'shovel-ready' schemes.

2.48 MCA processes are being refined to accelerate these schemes through to FBC, contract, and into delivery. A number of schemes have submitted FBCs and are progressing. At this stage it is anticipated that expenditure will outturn at £7.74m with further expenditure in financial year 2021/22 ahead of the conclusion of the programme in March 2022.

Brownfield Fund

2.49 The Brownfield Site Fund represents a further strand of the government's fiscal stimulus package, with an initial £40m of capital awarded to the region over five years. The region was also successful in bidding for a further £840k of revenue funding that will be used to accelerate activity over the early years.

2.50 Grant conditionality around this scheme requires that the programme is assessed under government Green Book processes. It is expected that the scheme SBC will be submitted into the MCA's assurance processes imminently.

2.51 Noting these issues, the latest forecasts provided show £4.23m against a funding profile provided by government of £5.50m.

Highways Maintenance Programmes

2.52 There are three strands to the maintenance programmes:

1. Highways Capital Maintenance (HCM)
2. Integrated Transport Block (ITB)
3. Pot Hole & Challenge Fund

2.53 As part of the government's stimulus package £13.61m of un-budgeted capital resource has been made available to the region for Pot Hole repair. A grant determination has been received by the MCA for this funding, and a report to this meeting proposes the acceptance of the grant and its onward distribution to local authority partners.

2.54 At this stage it is forecast that underspends will accrue on the HCM and ITB schemes. This report notes the Pot Hole and Challenge Fund as spending in full (£13.61m) in-year, but it is likely that these forecasts will be reconsidered.

2.55 HCM and ITB are not subject to the same degree of time-restraints as some of the other funding afforded to the MCA.

Reserves

2.56 In common with all partners, the MCA holds revenue reserves. These reserves serve a number of purposes.

2.57 Earmarked reserves are held to earmark grant funding that is yet to be deployed, whilst other reserves are held to mitigate risk or exploit opportunity around specific issues.

General reserves are held to manage latent risk and, again, exploit opportunities that may arise.

- 2.58** The importance of retaining access to deployable un-ringfenced reserves has been particularly apparent in this financial year as the MCA and partners have reacted to un-forecast challenges.
- 2.59** The MCA Group retains a prudent level of reserves. The majority of these reserves will be drawn upon in the coming years to support the Reserve Strategy. The level of reserves will be reviewed annually as part of the budget setting process:

Revenue Reserves	B/f £k	Movement £k	C/d £k
MCA/LEP			
General	£1,000	£0	£1,000
Earmarked	£12,044	-£2,343	£9,701
	£13,044	-£2,343	£10,701
MCA Transport			
General	£5,888	£0	£5,888
Earmarked	£30,678	-£3,922	£26,756
	£36,566	-£4,207	£32,359
SYLTE			
General	£4,951	£0	£4,951
Earmarked	£11,065	£0	£11,065
	£16,016	£0	£16,016
Total Group Revenue Reserves	£65,626	-£6,550	£59,361

Contracting Arrangements

- 2.60** The MCA's scheme of delegation authorises the statutory officers to enter into contracting arrangements up to £100k. Above this value, the MCA Board or Executive Boards must authorise officers to enter into contracting.
- 2.61** In support of the delivery of the Adult Education Budget (AEB) Implementation Plan, this report recommends to the Board the extension by £80k of an existing £100k contract with Jacque Chambers Consultancy Ltd.
- 2.62** This engagement was initially entered into to provide immediate capacity support following the departure of the previous Assistant Director for Skills & Employment. The contract has been further used to address the significant shortfall in capacity within the Skills team during the first six months of the year when capacity and expertise was required to support the Skills team's contribution to the development of the Renewal Action Plan and the Comprehensive Spending Review submission. Access to this contract allowed the MCA to call off resource on a needs basis, obviating the need to recruit when there were significant prevailing budgetary concerns.
- 2.63** Whilst an appointment has now been made to the vacant Assistant Director post with the officer due to join the MCA shortly, continuity in the delivery of the AEB Implementation Plan is critical during the complex procurement stage. This procurement will materially shape the success or otherwise of the AEB programme.
- 2.64** Noting that this procurement exercise must begin imminently to allow for the delivery of AEB ahead of the new academic year, and that the costs of the proposed engagement can

be met, in full, from ringfenced AEB grant, this report recommends that the MCA authorises officers to enter into the contracting arrangements.

3. Consideration of alternative approaches

- 3.1 This report recommends the adoption of the second budget revision of the financial year. These forecasts are aligned to the latest delivery information available, and thus ensure that financial and business planning remain aligned.
- 3.2 The report recommends a number of adjustments to the revenue budget ceiling and entries to the capital programme. This will allow the MCA to formally accommodate new funding streams.
- 3.3 The report further recommends the authorisation of the statutory officers to enter into contracting arrangements to support the delivery of the AEB Implementation Plan. This proposal will ensure continuity of the delivery of this critical activity.

4. Implications

- 4.1 **Financial**
This is a financial report. The financial implications of proposals are detailed in the body of the document.
- 4.2 **Legal**
This report notes the authorisation required by the MCA for the adoption of revised budget estimates, the entry into the capital programme of a new funding package, and an extension to the revenue budget ceiling.
- 4.3 **Risk Management**
None.
- 4.4 **Equality, Diversity and Social Inclusion**
None directly as a result of the recommendations of this paper.

5. Communications

- 5.1 None.

6. Appendices/Annexes

6.1 Appendix A: Detailed Reports

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1. South Yorkshire Operational Transport Revenue Budgets

	2020/21 Budget £k	2020/21 Forecast £k	2020/21 Variance £k
Mandatory & Discretionary Expenditure			
ENCTS/Mobility Concessions	£24,916	£23,461	-£1,455
Financial Obligations			
Capital Financing & Depreciation	£15,177	£15,177	£0
Pensions	£1,256	£1,256	£0
Discretionary Expenditure			
Child Concessions	£2,136	£2,136	£0
Departure Charges	-£946	-£946	£0
Tendered Bus Services	£5,821	£6,084	£263
Community Transport	£1,657	£1,657	£0
Operational Departments			
Customer Services	£2,209	£2,210	£1
Commission on ticket sales	-£460	-£260	£200
Public Transport	£8,643	£8,590	-£53
Rents	-£479	-£395	£84
Service Charges	-£1,764	-£1,732	£32
Car Parking (Inc P&R)	-£328	-£58	£270
Other (vending, turnstiles etc)	-£69	-£29	£40
Support Departments	£2,592	£2,862	£270
Sub-Total	£60,361	£60,013	-£348
Levy Funding Available for Deployment	£1,087	£1,087	£0
SYLTE Total	£61,448	£61,100	-£348
MCA Transport operational expenditure	£466	£751	£285
MRP	£4,022	£3,647	-£375
External interest	£1,388	£1,388	£0
Investment income	-£1,274	-£1,197	£77
MCA Transport Total	£4,602	£4,589	-£13
Overall Transport Total	£66,050	£65,689	-£361

2. MCA/LEP Operational Revenue Budget

	2020/21 Budget R1 £k	2020/21 Q2 Forecast £k	2020/21 Variance £k	2020/21 Orig. Budget £k	2020/21 Variance vs Orig. Budget £k
Business Growth, Skills & Employment	£2,222	£2,858	£636	£2,495	£363
Transport, Infrastructure & Housing	£1,716	£1,746	£30	£2,103	-£357
Governance & Mayoral Office	£672	£645	-£27	£606	£39
Chief Executive Office	£1,742	£1,829	£87	£1,818	£11

Business Services	£1,992	£2,032	£40	£1,485	£547
Property Running Costs	£1,777	£1,732	-£45	£1,729	£3
Corporate Vacancy Allowance	£200	£160	-£40	£0	£160
	£0	£0	£0	£250	-£250
Total Gross Operational Budget	£10,321	£11,001	£680	£9,986	£1,015
Specific grant income and recharges	-£3,936	-£3,934	£2	-£3,425	-£509
Total Net Operational Budget	£6,385	£7,067	£682	£6,561	£506
Funded By:					
General Income	-£5,091	-£5,832	-£741	-£6,278	£446
Release of Provisions	-£609	-£629	-£20	£0	-£629
Release of Aged Creditors	-£148	-£148	£0	£0	-£148
PLANNED USE OF GENERAL FUND RESERVES	£537	£458	-£79	£283	£175

3. MCA/LEP Revenue Budget General Income (before recharges/capitalisations)

	2020/21 Budget R1 £'000	2020/21 Q2 Forecast £'000	2020/21 Variance £'000	2020/21 Orig. Budget £k	2020/21 Variance vs Orig. Budget £k
Enterprise Zone Business Rates	1,137	1,137	0	2,009	-872
BEIS LEP Grant	500	500	0	500	0
BEIS Growth Hub Grant	410	410	0	410	0
Transport Hub Subscriptions	1,000	1,000	0	1,000	0
LEP Subscriptions	184	184	0	184	0
AMP Income	1,382	1,382	0	1,620	-238
Treasury Management	323	323	0	400	-77
Gainshare	0	741	741	0	741
Other Property Income	155	155	0	155	0
	5,091	5,832	741	6,278	-446

4. MCA/LEP Revenue Programmes

Programme Activity	2020/21 R1 Forecast £k	2020/21 R2 Forecast £k	2020/21 Variance £k	2020/21 Orig. Budget £k	2020/21 Variance vs Orig. Budget £k
Tier 3 Business Support Scheme	£0	£30,000	£30,000	£0	£30,000
Gainshare Revenue Schemes	£0	£11,259	£11,259	£0	£11,259
Sustainable Travel Access Fund	£2,500	£2,500	£0	£2,500	£0
Mayoral Capacity Fund	£1,524	£1,166	-£358	£671	£495
Health Led Employment Support Trial	£1,499	£859	-£640	£1,499	-£640
Brownfield	£504	£251	-£253	£0	£251

Active Travel Emergency Fund (Revenue)	£834	£798	-£36	£0	£798
Skills Bank	£790	£408	-£382	£790	-£382
Adult Education Budget Implementation	£295	£332	£37	£0	£332
One Public Estate	£338	£293	-£45	£338	-£45
Enterprise Advisor Pilot	£180	£180	£0	£180	£0
HS2 Growth	£184	£160	-£24	£184	-£24
Key Account Management	£140	£140	£0	£140	£0
Homeless Veterans	£90	£90	£0	£90	£0
Planning Delivery Fund	£41	£72	£31	£41	£31
Energy & Sustainability	£43	£43	£0	£43	£0
Growth Hub	£0	£0	£0	£0	£0
Air Quality Grant	£0	£0	£0	£0	£0
Total	£8,962	£48,551	£39,589	£6,476	£42,075

5. Group Capital Programme

Programme	R1	R2	Variance	Original Budget	Variance
	Forecast	Forecast			
	£k	£k	£k	£k	£k
Local Growth Fund	£42,895	£43,700	£805	£47,286	-£3,586
Brownfield Fund	£5,495	£4,226	-£1,269	£0	£4,226
Getting Building Fund	£7,735	£7,735	£0	£0	£7,735
Active Travel Emergency Fund (Capital)	£603	£603	£0	£0	£603
Highways Capital Maintenance	£12,302	£13,456	£1,154	£13,552	-£96
Pothole & Challenge Fund	£13,605	£13,605	£0	£0	£13,605
SYPT (excluding ITB & TCF)	£9,899	£4,676	-£5,223	£10,054	-£5,378
Integrated Transport Block	£7,231	£8,730	£1,499	£8,731	-£1
Transforming Cities Fund	£19,867	£3,800	-£16,067	£32,671	-£28,871
Gainshare Capital	£0	£18,000	£18,000	£0	£18,000
ICT and Asset Renewals	£411	£411	£0	£0	£411
BDR Transport Capital Pot	£472	£472	£0	£472	£0
	£120,515	£119,414	-£1,101	£112,766	£6,648

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16th November 2020

BUDGET AND BUSINESS PLAN DEVELOPMENT 2021/22

Purpose of Report

This report provides an outline on the process for developing the budget and supporting business plan for the new financial year. The report notes the challenging environment in which this process is taking place, and the need for engagement with partners.

Thematic Priority

All.

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

This paper will be available under the Combined Authority Publication Scheme

Recommendations

- Note the budget and business planning process being undertaken within the MCA;
- Note the significant uncertainties shaping the process; and,
- Note the proposed approval timeline.

1. Introduction

- 1.1** Whilst significant organisational focus is placed on the immediacy of the response to the pandemic, planning is also underway across the MCA Group for the activity and resource required to allow the MCA to deliver on its objectives in the new financial year.
- 1.2** These objectives will be led by the developing Corporate Plan and distilled into individual business plans that will collectively feed the budget process. This integrated business planning should support the adoption of focussed objectives for the MCA and allow resource allocation decisions to be led by clear prioritisation.
- 1.3** In common with other partners, however, the MCA's ability to plan is constrained by significant uncertainties. The MCA's activity will be heavily influenced by the evolving trajectory of the pandemic and the resultant impact on public finances.
- 1.4** This report outlines the business planning process that will be undertaken and notes the challenges ahead. Baseline assumptions are also shared to support engagement around partner contributions. The report further notes a proposed engagement plan.
- 1.5** Formal agreement will be required for the South Yorkshire Transport Levy at the MCA's meeting of the 25th January. For the first time, the MCA will also be required to consider a Mayoral Precept should one be proposed.

2. Proposal and justification

MCA Group Business Planning Exercise

- 2.1** The MCA Group – consisting of the MCA Executive and the South Yorkshire Passenger Transport Executive (SYPTe) – have committed to undertaking an integrated business planning exercise for the forthcoming financial year.
- 2.2** This exercise will drive corporate focus on the objectives for the year, help shape activity plans, and allow for resource to be deployed to agreed priorities. On the back of this exercise a budget and medium-term financial plan can be set. An integrated approach across the Group will also support better alignment in planning and use of shared resource.
- 2.3** The business planning process is fed from the MCA’s anchor vision statements and influenced by a number of national policy issues such as the Spending Review and the proposed Devolution White Paper, and local policy issues such as the Bus Review and approaches to the deployment of gainshare resource.
- 2.4** The Corporate Plan, currently in development, will capture these issues and shape agreed objectives for the coming year. Parameters for delivery plans are then set by the financial resource available and organisational capacity. These issues determine deliverability – what can be achieved.
- 2.5** Within these parameters, delivery plans will then be developed by individual teams, in turn shaping the corporate support strategies. Collectively, these plans will then feed the budget requirements for the year.
- 2.6** This process can be exemplified as follows:



Challenges and Assumptions

- 2.7** Developing business plans and budgets for the new financial year is a challenge for the MCA and partners alike. Without a clear view on how the pandemic and the governmental response will evolve over the coming months, it is difficult to derive any certainty beyond the reality that the new year is likely to be beset by uncertainty.
- 2.8** In this context this report notes key challenges and assumptions for each part of the MCA Group, but noting that adopted plans will need to be responsive to the emerging challenges.

South Yorkshire Passenger Transport Executive (SYPTe)

- 2.9** SYPTe’s key challenge heading into the new financial year remains the commercial viability of the transport network.

- 2.10** Patronage on buses is currently around 50%, whilst patronage on the Supertram light-rail system is around 40%. Reduced patronage results in reduced revenue for the commercial operators and increases the likelihood of services being withdrawn to the detriment of South Yorkshire's communities, businesses, and the recovery effort.
- 2.11** Patronage is affected by a number of factors, including: passenger confidence; increased home-working; reduced social, retail, and leisure demand; and, importantly, on-board social distancing measures which reduces capacity on buses and trams.
- 2.12** To-date, lost-fare revenue has been mitigated by local and national interventions. SYPTE has continued to pay concessionary-fares at pre-Covid volume levels, whilst government has provided grant support directly to operators.
- 2.13** Government has, this month, announced a continuation of funding to January, with an option for a further extension to the end of the financial year in March. However, beyond this there is currently no certainty.
- 2.14** In the event of a cessation or reduction in government support to operators before patronage recovers to sustainable levels, SYPTE is likely to see calls for increased local financial support. Such support will be difficult to achieve without significant change to the limited discretionary elements of the SYPTE budget, or recourse to reserves in the short-term and levy increases in the longer-term.
- 2.15** Detailed work is progressing on an 'exit-strategy' from the current emergency funding arrangements through the Transport and Environment Executive Board.
- 2.16** Other challenges and risks facing SYPTE in the new year include, but aren't limited to, considering:
- How to respond to likely operator behaviour around the cost of concessionary fares once the current SYPTE commitment to paying on pre-pandemic volumes ends;
 - How to fund the Bus Review implementation activity without displacing existing priorities;
 - How to react to the possible withdrawal of Integrated Transport Block (ITB) grant which funds parts of the SYPTE capital programme;
 - How to react to the possible withdrawal of Sustainable Travel Access Fund (STAF) grant;
 - How to react to likely ongoing disruption to commercial income streams; and,
 - How to plan for the likely required local contribution to the Mass Transit Renewal scheme.
- 2.17** For initial planning purposes, it is assumed that government support to the South Yorkshire transport network will continue, in some form, whilst social distancing measures are in place. From this baseline, and subject to engagement with partners, it is proposed that:
- The transport levy be held at existing levels to support the current level of service provision;
 - A limited amount of resource be ring-fenced to support priority investment;
 - Immediate risk that may crystallise in the new year related to the cost of concessionary fares and/or service withdrawals be mitigated in the first instance by budget reorganisation and/or limited draws on reserves;
 - Pay inflation pressures be managed through budget challenge;
 - The costs of the Bus Review implementation activity be met from South Yorkshire transport reserves to avoid the displacement of current investment in services;

- The costs of the Mass Transit Renewal project development be managed without recourse to additional levy contributions; and,
- Activity funded from ITB/STAF is wound down unless successor grant streams are announced.

2.18 This approach is designed to protect existing service provision without calling on partners for additional resource in the new financial year. This approach is necessarily short-term and seeks to afford the MCA and partners time to both better judge the impact of the pandemic on future travel patterns and understand how the government may respond to that issue on the national level. A clearer view on those issues may require changes to the existing financial strategy.

MCA/LEP

2.19 The activity of the MCA/LEP is largely driven by access to ongoing funding streams for the delivery of capital and revenue programmes. Other, non-programme activity, such as policy development, business support, inward-investment, communications, and the delivery of statutory functions, is funded from an irregular and often unpredictable mix of funding streams.

2.20 The ability to forecast which of these funding streams will continue, and/or to what quantum, in the new year represents one of the most prominent planning obstacles for the MCA in the current planning cycle. This uncertainty is exacerbated by the delays and uncertainty around the planned government Spending Review.

2.21 Whilst it is possible that the MCA/LEP will lose a number of funding streams which underpin investment and organisational resourcing, it is also likely that the MCA/LEP will have significant challenges in delivering at pace a number of time-limited investment programmes.

2.21 Key challenges for the MCA/LEP in the new year include:

- Adjusting the organisation to the potential loss of time-limited funding streams which cumulatively provide c.£2m in support to organisational costs including:
 - The Local Growth Fund (LGF) grant which has underpinned the capital programme since 2015;
 - The Mayoral Capacity Fund grant which supports Mayoral Office costs.
- Delivering, at pace, an extensive capital programme that could reach c. £150m, including:
 - Slipped LGF activity;
 - Slipped and in-year Transforming Cities Fund activity
 - Slipped and in-year Getting Building Fund activity;
 - Slipped and in-year Brownfield Housing Fund activity; and,
 - Slipped and in-year Active Travel Fund activity.
- Effectively forecasting income flows from sources sensitive to the pandemic
- Developing investment programmes to be funded from gainshare resource
- Managing the integration with SYPTE.

2.21 Flexing organisational design to manage funding fluctuations such as those outlined above will be a fundamental challenge. The likelihood of the Spending Review now being released in late November also now means that there will be limited time between December and the new year to react to funding announcements.

2.22 For planning purposes, we assume that partner contributions will remain static. This principally means:

- LEP contributions remain at their current levels;
- South Yorkshire Transport Hub subscriptions remain at their current levels; and,
- Enterprise Zone retained business rates will continue to be passported to the LEP.

2.23 Partner attention is also drawn to the current uncertainty around the transport maintenance grant that is received by the MCA and paid to the South Yorkshire local authorities. This includes core maintenance grants including Highways Capital Maintenance (HCM) and Integrated Transport Block (ITB), and more irregular funding such as that for Pot Holes.

Budget Approval Timeline

2.24 Under law, the South Yorkshire transport levy must be approved by the middle of February, and a balanced budget be agreed by the end of March.

2.25 For the first time, the MCA will also need to consider a Mayoral budget and proposals for a Mayoral precept. The MCA must consider initial budget proposals by the 1st February and has until the 8th February to propose changes. Any precept must be agreed by the 1st March.

2.26 It is proposed to use the MCA's meeting on January 25th to formally consider levy and precept proposals. Should there be agreement at this stage, it is proposed that the full revenue budget and capital programme be approved at the MCA's meeting on March 22nd. Should there be dissension from the proposals for the non-transport levy budget in January, an additional MCA meeting may be required in February.

Engagement

2.27 Following the practice adopted in previous years, the MCA would welcome the opportunity to discuss budget proposals in detail with partners. Engagement in November/December outside of the formal meeting cycle would allow the MCA to better shape proposal around partner feedback.

2.28 Engagement with the Directors of Finance is also proposed.

3. Consideration of alternative approaches

3.1 This report provides initial proposals on budget development. These proposals may change over the time as circumstances concerning the pandemic and funding change.

3.2 Engagement with members is proposed to support the development of budgets and business plans.

4. Implications

4.1 Financial

This report outlines the budget and business plan development for 2021/22. Budget assumptions are detailed at this stage but may change in the coming months.

4.2 Legal

N/A

4.3 Risk Management

N/A

4.4 Equality, Diversity and Social Inclusion

N/A

5. Communications

5.1 N/A

6. Appendices/Annexes

6.1 None

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16th November 2020

SCHEME OF DELEGATION: CONTRACTS AND ACCOUNTS

Purpose of Report

This report proposes an amendment to the threshold at which the MCA's statutory officers are authorised to take decisions under delegation from the MCA for certain types of contracting for goods and services. The proposal will align MCA decision making processes to that of SYPTTE and reduce the number of operational matters coming before the MCA Board.

Thematic Priority

All.

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

This paper will be available under the Combined Authority Publication Scheme

Recommendations

- The MCA approves the increase in the delegation threshold under which statutory officers may accept a tender or quotation for the supply of goods, services, or materials to £200k for matters that cannot be otherwise approved by a Thematic Board

1. Introduction

- 1.1 Under the Constitution, the MCA authorises certain officers to take decisions on its behalf through the Scheme of Delegation.
- 1.2 The Scheme of Delegation sets out which decisions officers are authorised to make and to what value. Generally, decisions relate to operational matters with delegations granted to allow the smooth functioning of the organisation and avoid undue Board time being absorbed by non-strategic matters.
- 1.3 Currently, the MCA's statutory officers are authorised to accept all tenders and quotations up to a £100k threshold. Above this value, authorisation must be sought from a Thematic Board for matters up to £200k, or where an issue does not relate to a Thematic Board to the MCA Board.
- 1.4 Whilst the relatively low threshold does afford the MCA Board with oversight and control over operational matters, it has led to trivial matters – such as the award of cleaning contracts – being brought before the Board.

- 1.5 This report proposes that this matter is addressed by increasing the value at which the MCA's statutory officers are authorised to make contracting decisions for matters that cannot be brought to a Thematic Board.
- 1.6 It is proposed that the delegation threshold for such matters is increased to £200k, which would bring decision-making in-line with the threshold for Thematic Boards and the officer decision-making threshold afforded to South Yorkshire Passenger Transport Executive (SYPTTE). Changes to the scheme of delegation requires approval from the MCA Board.

2. Proposal and justification

- 2.1 Under Section 23a of the Scheme of Delegation, the statutory officers are authorised to accept all tenders or quotations up to a value of £100k. Above this value, the Thematic Boards have delegations to authorise the acceptance of tenders or quotations up to £200k, and above this all decisions are reserved to the MCA Board.
- 2.2 Since 2016, 52 separate procurements have been undertaken by the MCA at values in excess of £100k. Many of these procurements relate to items that do not align to the functions of a Thematic Board, and which have required MCA Board approval.
- 2.3 Such procurements can be loosely grouped as 'corporate' procurements, and reflect issues relating to office accommodation and its servicing, ICT systems and equipment, external support to back-office teams, and items that cut across Thematic Boards and allow the MCA to discharge obligations to statute or funding such as assurance workstreams.
- 2.4 As the MCAs activity grows in scope and scale, and as inflation increases the cost of activity (inflation between 2014 and now stands at c. 15%), the number of contracting matters that cannot be authorised by officers or Thematic Boards will likely increase. This will place an additional burden on the Board and displace time from other priorities.
- 2.5 In mitigation of this, it is proposed that the threshold for delegations to officers for the acceptance of tenders or quotations for matters that cannot be authorised under delegation by a Thematic Board be increased to £200k. Decisions taken at this level will be reported to the MCA Board through existing delegated authority reporting mechanisms.
- 2.6 At this level, officer decision thresholds will be aligned to SYPTTE threshold levels without impinging on the purview of the Thematic Boards. This approach will reduce the likelihood of operational matters being brought before the full Board, allowing focus to be retained on priority issues.

3. Consideration of alternative approaches

- 3.1 The proposals in this report could be rejected. In rejecting the proposals all contracting matters above the £100k threshold that could not be brought before a Thematic Board would be brought to the MCA for decision.

4. Implications

- 4.1 **Financial**
This report proposes a change to the scheme of delegation. The details of the proposal are presented in the body of the document.
- 4.2 **Legal**
If approved, the MCA's constitution will be amended to reflect the changes in level of delegation.

4.3 Risk Management
N/A

4.4 Equality, Diversity and Social Inclusion
N/A

5. Communications

5.1 N/A

6. Appendices/Annexes

6.1 None.

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16th November 2020

ADOPTION OF REVISED CONTRACT PROCEDURE RULES

Purpose of Report

This report proposes the adoption of a new suite of Contract Procedure Rules as part of the MCA's Constitutional documents. The adoption of new Contract Procedure Rules will ensure that the MCA's core processes remain fit-for-purpose as its business evolves.

Thematic Priority

All.

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

This paper will be available under the Combined Authority Publication Scheme

Recommendations

- The MCA approves the adoption of the proposed Contract Procedure Rules

1. Introduction

- 1.1** All public bodies are required to set Contract Procedure Rules (CPRs). These rules set the parameters through which public bodies will acquire goods and services and detail the formal processes through which they will go to ensure compliance with regulation and good practice.
- 1.2** CPRs form part of each public authority's suite of constitutional documents and in the case of the MCA can only be revised following approval from the Board.
- 1.3** The MCA adopted a set of CPRs in its constitution in 2014 that reflected ways of working and best practice at the time. Since that time a number of internal reviews have recommended that the MCA revisit the CPRs to better align to new management structures and take the opportunity to strengthen controls.
- 1.4** Following an independent review of the CPRs and engagement with the statutory officers, a new suite of CPR documents have been developed. These CPRs are wholly compliant with regulation, and better reflect the MCA's ways of working since procurement and contracting functions were moved 'in-house'. The revised CPRs will strengthen controls and promote greater emphasis on priority issues including Social Value and equality and diversity.

2. Proposal and justification

- 2.1 Upon its incorporation in 2014 the MCA adopted a set of CPRs based on those used by Sheffield City Council (SCC). The adoption of those CPRs reflected that, at the time, procurement services were afforded to the MCA under contract from SCC, so aligned processes allowed the MCA to receive a seamless service from SCC's wider procurement function.
- 2.2 Over time the MCA's ways of working have naturally evolved and diverged from initial processes, culminating in the MCA developing its own internal teams to manage support functions such as procurement.
- 2.3 Following a number of recommendations from the MCA's internal audit function to consider revising the CPRs to reflect these new realities, an independent review of the CPRs was commissioned.
- 2.4 The findings of that review reflected that there was a need to better align the CPRs to new management structures, and that there were opportunities to strengthen ways of working to afford the MCA better process controls. Furthermore, the report reflected on the need to bring the CPRs into line with procurement regulations that had changed since the first adoption and opportunities to improve considerations around social value and equality and diversity in the MCA's procurement practices.
- 2.5 Following engagement with the statutory officers a revised suite of CPRs is proposed. The revised documentation is substantially different in presentation but affords the MCA a framework properly aligned to ways-of-working, wholly compliant with regulation, and supportive of emerging priorities.
- 2.6 The proposed CPRs will strengthen the MCAs procurement processes and improve the internal control environment.
- 2.6 As the MCA's business grows in scope, quantum, and complexity it is essential that its processes evolve with it. This report commends the new CPRs to the Board and recommends adoption of them.

3. Consideration of alternative approaches

- 3.1 Internal audit and independent reviews of the MCA's existing CPRs has highlighted examples of control deficiencies and non-compliance with regulation. In this context, inaction is not an option and the CPRs must be amended.

4. Implications

4.1 Financial

The CPRs govern how the MCA will acquire goods and services, and how the contracts for those items will be managed.

The proposed CPRs substantially improve internal controls and will promote a more robust approach to procurement activity.

4.2 Legal

Section 135 Local Government Act 1972 requires a local Authority to make standing orders relating to the award of contracts. The MCA's constitution will be updated to include the amended procedure rules.

4.3 Risk Management
N/A

4.4 Equality, Diversity and Social Inclusion
N/A

5. Communications

5.1 N/A

6. Appendices/Annexes

6.1 Appendix A: Revised Contract Procedure Rules

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Sheffield City Region Combined Authority

Contract Procedure Rules

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1. Introduction

- 1.1 These Contract Procedure Rules (CPRs) are made by the Authority in accordance with Section 135 of the Local Government Act 1972. The CPRs regulate the way tenders are invited and set out the responsibilities and procedures to be followed by Officers when procuring goods, services or works on behalf of the Authority.
- 1.2 The CPRs support Officers to conduct procurement exercises that:
- comply with the Authority's strategic objectives, procurement strategies, policies and statutory legal obligations
 - promote the fundamental principles of public sector procurement, i.e. being open, fair and transparent
 - reduce the risk of challenge by being effective, efficient and robust.
- 1.3 Prior to commencing a procurement/sale/contracting process on behalf of the Authority, Officers should ensure that they have the required budgetary provision in place and understand what approvals (see CPR 28) will be required at the point of contract award and that this step is planned onto the programme. Failure to do so may result in delay at the point of any required contract signing. It is important to note that having budgetary provision as part of the annual budget setting process or as part of any approved programme is not approval to award a contract and commit spend, that approval can only be given as part of a contract award process that has followed these CPR's
- 1.4 On 18th November 2019 the Authority declared a climate emergency and pledged to consider the impact of our decisions around all areas of strategic policy and investment, and how these align with our ambition to become a net zero carbon city region by 2040. Procurement can play an important role in helping the city region achieve its ambitious plans and all procurement activity should consider the extent that it can assist in meeting the targets. All procurement activity should have full regard to the Authority's environmental policies and strategies.

2. Scope, Compliance and Waivers

- 2.1 All the Authority's contracts must be entered into in accordance with these CPRs.
- 2.2 The CPRs should be read in conjunction with the Authority's Constitution, the Financial Regulations and Scheme of Delegation.
- 2.3 Officers and Members must exercise the highest standards of conduct, integrity and impartiality when involved in the procurement, award and management of contracts and pay due regard to the requirements of the relevant Code(s) of Conduct.
- 2.4 If there is any doubt regarding the scope or application of these CPRs guidance should be sought from the Procurement Expert.
- 2.5 Where the estimated value of a contract exceeds the relevant procurement threshold, the contract must be procured in accordance with the Public Contracts Regulations 2015 and where possible these CPRs.

- 2.6 In the event that these CPRs are not compatible with the requirements of the Public Contract Regulations 2015 (PCR 2015) then the requirements of the Regulations shall take precedence.
- 2.7 Non-compliance with CPRs, Financial Regulations or PCR 2015 legal requirements can have serious consequences for the Authority. Following CPRs allows the Authority to comply with the requirements of legislation and Officers should be aware that any non-compliance may result in disciplinary action.
- 2.8 Where any Contract Procedure Rule indicates that an Officer “must” follow a certain course of action that CPR cannot be waived under any circumstances. All other Contract Procedure Rules must be complied with unless otherwise authorised via the waiver process (see CPR 40 below).

3. Exempt Contracts

- 3.1 The following contracts are exempt from the requirement for competitive tendering except where the Public Contract Regulations 2015 apply in which case the Regulations must be complied with.
- 3.2 Services that are provided ‘in-house’ or by another Authority (where the conditions of the Public Contract Regulations are met).
- 3.3 Contracts of employment that make the individual a direct employee of the Authority. For the avoidance of doubt these CPRs do apply to the procurement of agency/recruitment services, the appointment of Consultants and the provision of short-term agency workers.
- 3.4 Additional works, supplies or services that are required due to unforeseen circumstances, which are either strictly necessary for the completion of the contract, or for technical or economic reasons cannot be carried out separately without great detriment to the Authority. Where a contract variation is required this must be executed in accordance with CPR 32 (Contract Variation). Approval to use this exemption must be supported by the submission of a business case (Appendix 3) to the Authorised Officer listed at 4.3.
- 3.5 Legal services contracts and arbitration services that fall within the exemptions set out in Regulation 10 of the Public Contracts Regulations 2015.
- 3.6 Financial services associated with the purchase and sale of securities or financial instruments, including the procurement of research.
- 3.7 Acquisition or rental, by whatever financial means, of land, existing buildings or other immovable property.
- 3.8 Subscriptions, specific training or other goods, services and works not considered to be procurements. This includes purchasing of unique product where no genuine alternative is available such as subscription to an accrediting body, membership of a unique group of organisations or attendance at a sector specific conference. If the value is above the relevant EU Threshold, Monitoring Officer approval is required.
- 3.9 Bus service subsidy contracts awarded in accordance with either the de-minimis or urgency provisions of the Transport Act 1985 and/or EU Regulation 1370/2007, as incorporated into

UK law by UK Regulation (EC) No 1370/2007 (Public Service Obligations in Transport) (Amendment) (EU Exit) Regulations 2020.

- 3.10 Public passenger transport services by tram or train in accordance with the direct award provisions of EU Regulation 1370/2007 as incorporated into law by UK Regulation (EC) No 1370/2007 (Public Service Obligations in Transport) (Amendment) (EU Exit) Regulations 2020.

4. Delegated Authority

- 4.1 Officers conducting procurement exercises on behalf of the Authority should act in accordance with these Contract Procedure Rules and the Authority's scheme of delegation.
- 4.2 Within approved budgets Officers are, subject to approval of the Procurement Report, empowered to seek tenders and quotations for goods, services and works in accordance with these CPRs. These officers are empowered to authorise any other suitable officer to lead a procurement process on their behalf.
- 4.3 The decision to award any contract (including a call from a Framework Agreement) may be taken as follows.
- Contract value up to:
1. £25,000, Assistant Director;
 2. £50,000.00, Director;
 3. £100,000 (for Goods/Services) and £250,000 (for Works), Statutory Officer/Deputy Chief Executive.
 4. £200,000 (for Goods/Services) and £500,000 for Works), Thematic Board; and
- 4.4 Above these values or any procurement that involves any potential TUPE transfer of the Authority's employees to a supplier shall be made by the Authority, or in accordance with any other delegations in place from time to time.
- 4.5 Where a contract award that meets the criteria of a Key Decision the Officer should pay due regard to, and act in accordance with, Part 5B of the Constitution.

5. IT, HR, Legal, Communications and Finance

- 5.1 The proposal to procure software, hardware or systems must be approved by the Head of Information and Technology.
- 5.2 The proposal to procure services relating to HR, Legal, Communications or Finance must be approved by the relevant Senior Responsible Officer.
- 5.3 Approval to procure includes any renewal, extension or variation of an existing contract.

6. Pre-procurement requirements

Prior to undertaking a procurement exercise Officers must ensure that:

- 6.1 A procurement report (Appendix 1, for contracts valued £25k or more) has been completed and approval to commence the procurement has been obtained.
- 6.2 The proposed expenditure is contained within an approved budget in accordance with the Authority's Financial Regulations.
- 6.3 Due regard is given to all applicable legislation including the Public Services (Social Value) Act 2012, the Equality Act 2010 and Data Protection Act 2018.
- 6.4 Where appropriate an initial screening is carried out to ascertain whether a more detailed Equality Impact Assessment (EIA) is required to inform the procurement process and subsequent contract management.
- 6.5 A record of how social value has been considered, in all contracts valued over £25,000, shall be made in the Procurement Report.
- 6.6 A screening exercise is undertaken to determine whether the Data Protection Legislation applies to the contract. Where the screening indicates that the contract involves processing that is likely to result in a risk to the rights and freedoms of individuals, the Officer must carry out a data protection impact assessment. The Officer will keep a written record of the assessment on file and take appropriate and proportionate action throughout the procurement process and subsequent contract management.
- 6.7 In all cases and regardless of value, Officers must consider if the procurement might be of cross border interest to economic operators in other member states of the EU and advertised accordingly. A written record of this consideration and the conclusion reached shall be recorded in the Procurement Report.
- 6.8 They have ruled out the possibility of the service being provided in-house.
- 6.9 All appropriate advice has been obtained such as legal, financial, insurance and other professional advice such as procurement, health and safety, risk management, data protection and assurance.
- 6.10 Key stakeholders including Members (where appropriate) and Trade Unions (where TUPE might apply) have been identified and consulted.
- 6.11 The contract value is calculated in accordance with Public Contract Regulations 2015 (irrespective of whether the Regulations apply), including whole life costs for the duration of the contract, any period of extension and/or continuing costs and any unrecoverable VAT.
- 6.12 Contracts are not disaggregated into 2 or more separate contracts in an attempt to avoid the Public Contract Regulations or avoid competition in accordance with these CPRs.
- 6.13 Where the procurement is subject to Public Contract Regulations consideration is always given to dividing the contract into smaller lots. Where this is not possible the main reasons for the decision not to subdivide into lots shall be included in the procurement documents or Procurement Report.
- 6.14 Any risks associated with the procurement are identified, assessed and recorded together with the actions required to manage them.

- 6.15 Taking advice where necessary, the procurement is properly categorised for the purpose of the Public Contract Regulations as being works, supplies or services, and that any Light Touch Services are correctly identified.
- 6.16 All Officers and stakeholders involved in a procurement process over £25,000 must confirm there are no conflicts of interest amongst Officers involved in the procurement process as part of the Procurement Report. Where necessary appropriate safeguards should be put in place.

7. Existing Arrangements and Frameworks (all contract values)

- 7.1 Where an existing contract is in place with a supplier for specific goods or services, then these should be used unless there are good reasons why this would not be the best course of action.
- 7.2 In all cases, where no existing contract is in place, consideration should be given to whether existing external arrangements would be appropriate such as the use of public service purchasing consortia (e.g. Crown Commercial Service, YPO, ESPO and NEPO) or existing frameworks in order to benefit from the advantages listed below.
- 7.3 The use of frameworks can save significant time and money, whilst still meeting the Authority's specific requirements. The benefits for the Authority include:
- 7.3.1 Fast, efficient, easy to use PCR 2015 compliant frameworks that can reduce the cost and time associated with procurement processes
 - 7.3.2 Significant reduction in procurement timescales
 - 7.3.3 Reduced procurement costs
 - 7.3.4 Pre-agreed terms and conditions
 - 7.3.5 Ceiling prices that can be further reduced by competition at call off.
- 7.4 The framework may include a requirement for a mini competition exercise and this shall be tendered in accordance with the framework agreement, where possible these CPRs and where permitted by the framework, invited via YORtender.
- 7.5 Due diligence must be carried out to ensure it is legally viable for the Authority to make use of any such consortia arrangement or framework.
- 7.6 Where no suitable existing arrangements or frameworks are available a proportionate approach to procurement is required and Officers should comply with the appropriate Contract Procedure Rule according to the value of the contract.

8. Purchasing up to £5,000

- 8.1 Where variations in quality are minimal or there is no requirement to evaluate the quality of the goods, services or works, formal issue of a tender/quotation document is not required.
- 8.2 Officers should satisfy themselves that they have obtained, and kept a record of, an adequate amount of comparative pricing information, to include where possible at least one

South Yorkshire based business, to ensure that the best value in terms of economy, efficiency and effectiveness is obtained.

- 8.3 The purchase order form shall specify the services, supplies or works to be provided and set out the price and payment terms.
- 8.4 Where variations in quality are significant Officers should consider issuing a formal quotation document to at least two suppliers, where possible one supplier should be a South Yorkshire based business.

9. Contract Value £5,000 – £25,000 (goods and services), £5,000 to £50,000 (works)

- 9.1 In all cases the details of the procurement exercise and subsequent contract award must be published on the Contract Register in order to comply with the Local Government Transparency Code 2015.
- 9.2 Formal competition is required; where there are a sufficient number of providers in the market at least three written quotes should be invited, including where possible at least one organisation based in South Yorkshire.
- 9.3 Officers may use YORtender to invite and receive quotes, including where appropriate the “Quick Quotes” facility.
- 9.4 In exceptional circumstances and considering all the information available an Officer may decide that it is justified to invite less than 3 quotations. In this situation a waiver form (Appendix 4) must be completed and approved before proceeding.
- 9.5 The quotation template (RFQ) shall be used by the Officer which describes as a minimum the services/goods/works to be provided and/or an explanation of the outcomes to be met. The methodology that the Authority will use to evaluate the quotes must be clearly explained and the quotation document must be made available electronically.
- 9.6 The specification must be approved by the Procurement Expert. Once approved the Procurement Expert shall provide an appropriate set of terms and conditions
- 9.7 The use of a pre-qualification stage is not permitted and the use of the Crown Commercial Service (CCS) Standard Selection Questionnaire is not permitted, however the exclusion questions and standard selection questions may be used as a guide in developing appropriate and proportionate questions to be used in a one-stage procurement process. Those questions may be used to assess the suitability, capability, legal status, and financial standing of a potential supplier, provided that the questions are relevant and proportionate to the contract.
- 9.8 All bids received shall be treated as confidential and will not be used for any other purposes other than that for which they were sought.
- 9.9 Negotiation should only take place if the quotation documents state that it may take place. Negotiations must be conducted by at least two appropriately authorised Officers and full written records of negotiations must be kept.

- 9.10 All Officers included in the tender evaluation panel will be required to confirm in writing to the Procurement Expert that no conflict of interest exists in relation to quote or tender submissions received, prior to evaluation taking place. In the event of any potential conflict of interest, the Monitoring Officer will decide if the Officer can be included in the evaluation panel or if a substitute must be nominated.
- 9.11 Prior to contract award a Conflict of Interest Declaration at Appendix 5, must be completed by each member of the evaluation panel and returned to the Procurement Expert.

10. Contract Value £25,000 - £100,000 (goods and services), £50,000 - £100,000 (works)

- 10.1 In addition to the requirements of CPR 9 the Officer conducting the procurement should comply with the following.
- 10.2 Procurement must be led by the Procurement Expert.
- 10.3 Where there are a sufficient number of providers in the market the contract opportunity should be openly advertised or at least 3 written tenders invited via YORtender.
- 10.4 The Officer should consider whether the procurement would be of interest to South Yorkshire based suppliers and, if it would, where possible at least 1 tender should be invited from these organisations.
- 10.5 All invitations to tender valued at £25,000 or more must be published on YORtender to ensure that all bidders are provided with exactly the same information and to ensure equal treatment.
- 10.6 If not invitation only, the invitation to tender must be advertised on Contracts Finder.
- 10.7 Award details must be published on the Contract Register and on Contracts Finder no later than 90 days after the contract is awarded.

11. Contract Value £100,000 – EU Threshold

- 11.1 In addition to the requirements of CPR 9 and 10 the Officer conducting the procurement should comply with the following.
- 11.2 Where there are a sufficient number of providers in the market the contract opportunity should be openly advertised via YORtender.
- 11.3 The Officer should consider whether the procurement would be of interest to South Yorkshire based suppliers and, if it would, where possible at least 2 tenders should be invited from these organisations.

12. Use of Selection Questions

- 12.1 In sub EU Threshold procurements for goods and services Officers need to decide whether it is necessary to assess a supplier's eligibility, financial standing and technical capacity, taking

advice accordingly. If it is determined that this assessment is necessary it must be carried out in compliance with the Public Contract Regulations, within a one stage procurement exercise and the CCS standard supplier questionnaire may not be used.

- 12.2 In sub threshold procurements for works contracts valued between the threshold for goods and services and the threshold for works a two-stage process is permitted and Officers may make use of the PAS 91 PQQ.
- 12.3 In procurements that exceed the procurement threshold under the Public Contracts Regulations 2015 for goods, services or works the Authority shall only enter into a contract if it is satisfied as to the supplier's eligibility, financial standing and technical capacity.
- 12.4 Potential suppliers should be permitted to self-declare that they meet the relevant criteria in the supplier selection stage. Only the winning supplier (and any organisations relied upon to meet the winning supplier's selection criteria) should submit evidence. This reduces the need for potential suppliers to submit supporting documents every time they wish to bid for a public contract.
- 12.5 If the winning supplier fails to provide the required evidence within set timeframes, or the evidence proves unsatisfactory, the award of the contract should not proceed. Officers may then choose to amend the contract award decision and award to the second-placed supplier, provided that they have submitted a satisfactory bid. Alternatively, the procurement process may be terminated.

13. Contract Value Above EU Threshold

- 13.1 Where the proposed contract exceeds the EU Threshold appropriate advice must be sought from the Procurement Expert and Legal Services, where appropriate.
- 13.2 Contract notices and award details must be published in the Official Journal of the European Union (OJEU) as well as on Contracts Finder and YORtender.
- 13.3 The current thresholds are:
 - Services £189,330.00
 - Goods £189,330.00
 - Works £4,733,252.00
 - Light Touch Regime (Social and other specific services (as defined by the Regulations)) £615,278.00
- 13.4 Officers conducting above threshold procurements must consider dividing the contract into lots and justify any decision not to do so, in either the procurement documents or the Procurement Report.
- 13.5 A contract subject to the Public Contracts Regulations can only be awarded following a communication to all unsuccessful tenderers and a mandatory 10-day standstill period. Failure to comply can result in a challenge and the contract being declared ineffective.

- 13.6 Where the procurement was conducted under a framework agreement Officers should comply with CPR 13.5 above on a voluntary basis in order to avoid the risk of the contract being declared ineffective.
- 13.7 Post tender negotiation is not permitted except where the Authority is utilising the Competitive Procedure with Negotiation.
- 13.8 Officers must maintain a written record of the procurement process. The Procurement Report shall, as a minimum meet this requirement and the requirements of Public Contract Regulation 84.
- 13.9 Where the value of the contract exceeds the relevant procurement threshold the Officer must use one of the following procurement procedures as permitted by Public Contract Regulations 2015.

14. Open Procedure

- 14.1 In the open procedure, any interested supplier may submit a tender in response to a contract notice. An open procedure may be used for contracts below and above the EU procurement threshold
- 14.2 Where the procurement regulations apply the minimum time limit for the receipt of tenders is 35 days from the date on which the contract notice is sent. This can be shortened to 30 days where tenders may be submitted by electronic means i.e. via YORtender.
- 14.3 The invitation to tender shall be accompanied by information regarding the evaluation criteria to be used by the Authority.
- 14.4 Where the Authority has published a prior information notice (PIN) which was not itself used as a means of calling for competition, the minimum time limit for the receipt of tenders, subject to specific conditions being met, may be shortened further. Advice should be sought from the Programme and Performance Unit to ensure that conditions of the Public Contract Regulations are fulfilled.

15. Restricted Procedure

- 15.1 The restricted procedure is a two-stage process where any supplier may apply to participate in the tender competition by providing the selection information that is requested by the Authority. Following assessment of the information provided, only those suppliers invited to do so may submit a tender.
- 15.2 The time limit for receipt of selection information is 30 days from publication of the contract notice.
- 15.3 The time limit for receipt of invited tenders is 30 days from the date of the invitation to tender and this can be shortened to 25 days where tenders may be submitted by electronic means i.e. via YORtender.
- 15.4 Where the Authority has published a prior information notice (PIN) which was not itself used as a means of calling for competition, the minimum time limit for the receipt of tenders, subject to specific conditions being met, may be shortened further. Advice should be sought

from the Programme and Performance Unit to ensure that conditions of the Public Contract Regulations are fulfilled.

16. Other Procurement Procedures

- 16.1 In most cases the Open or Restricted Procedures will be the preferred option for the Authority. In exceptional circumstances where they are not thought to be suitable then the Authority may opt to utilise another procurement procedure i.e. the Competitive Procedure with Negotiation, Competitive Dialogue, Innovative Partnerships and the use of the Negotiated Procedure Without Prior publication.
- 16.2 Before commencing any of these procurement procedures the Officer must obtain the approval of the Assistant Director (Procurement).
- 16.3 The Officer shall prepare a report in the format set out in Appendix 2 explaining the reasons why use of another procurement procedure is the recommended course of action. The report must be submitted to the Officer described above (16.2) for consideration and approval or rejection.
- 16.4 Where approval is granted it will in all cases be on the condition that the process is supported by a suitably qualified procurement professional. Advice should be sought from the Programme and Performance Unit.

17. Invitation to Tender

- 17.1 The invitation to tender shall include details of the Authority's requirements for the contract including:
- 17.1.1 a description of the services, supplies or works being procured;
 - 17.1.2 the procurement timetable including the tender return date and time, which shall allow a reasonable period for the applicants to prepare their tenders;
 - 17.1.3 a specification and instructions on whether any variants are permissible;
 - 17.1.4 the Authority's terms and conditions of contract, form of contract and bond;
 - 17.1.5 the evaluation award criteria and sub-criteria including any weightings;
 - 17.1.6 pricing mechanism and instructions for completion;
 - 17.1.7 whether the Authority is of the view that TUPE may apply;
 - 17.1.8 form and content of method statements to be provided;
 - 17.1.9 rules for submitting tenders;
 - 17.1.10 any further information which will inform or assist tenderers in preparing tenders.

18. Publicity and Advertising

- 18.1 The Authority has legal obligations to ensure that contract opportunities and details of subsequent contract awards are suitably advertised and that procurement activity is conducted in an open, fair and transparent manner.

- 18.2 In all cases and regardless of value, Officers must consider if the procurement might be of cross border interest to economic operators in other member states of the EU. A written record must be kept of this consideration and the conclusion reached. If it is considered that there may be cross border interest a suitably accessible advert must be published, for the purposes of these CPRs this shall be an OJEU advert, in addition to the requirements of 18.3 and 18.4 below.
- 18.3 Below EU Thresholds:
- 18.3.1 Where the invitation to tender is restricted to a number of suppliers the tender should be published on YORtender.
- 18.3.2 Where openly advertised all invitations to tender valued at £25,000 or more must be advertised on YORtender and on Contracts Finder no later than 24 hours after publication on YORtender.
- 18.3.3 Award details must be published on the Contract Register and on Contracts Finder no later than 90 days after the contract is awarded.
- 18.4 Above EU Thresholds:
- 18.4.1 All contract notices must be sent to the EU Publications Office to be advertised in the OJEU.
- 18.4.2 When the Authority becomes entitled to publish the notice at National Level, the contract notice must be published on YORtender and Contracts Finder within 24 hours.
- 18.4.3 Award notices must be sent for publication on the OJEU no later than 30 days after the award.
- 18.4.4 Award notices must also be published on YORtender and Contracts Finder when permitted to publish at National Level and no later than 90 days after the contract is awarded.
- 18.5 YORtender and Contracts Finder notices must not contain more information than that provided in the OJEU notices.
- 18.6 Procurements through framework agreements need not be advertised unless a mini competition is required in which case advertising will be in accordance with the requirements of the framework agreement. Where the mini competition is managed outside of YORtender the subsequent contract award must be added to the Contract Register and, if above £25,000 on Contracts Finder.
- 18.7 Detail of contract awards with a value in excess of £5,000 must be added to the Contract Register.

19. Pre-Tender Submission Clarification

- 19.1 Where either the Authority or a tenderer seeks to clarify any aspects of the tender documentation, adequate time must be allowed for both the clarification question and the response.
- 19.2 Clarification questions and responses must be in writing and recorded in a log.

- 19.3 In above EU Threshold tenders a minimum of 6 days must be allowed between the last clarification response and the tender submission deadline, if this is not possible the tender return deadline should be extended. To avoid malicious clarifications being raised with the intention of extending the tender period the Officer should state in the tender documents the latest date that tenderers may raise clarification questions.
- 19.4 Unless the clarification is of a confidential nature both the question (anonymised) and the response must be issued to all tenderers.

20. Tender Invitation and Receipt

- 20.1 Tenders shall be opened by the Programmes and Performance Unit in the presence (if required) of at least one other officer. An immediate record shall be made of the Tenders received including names, addresses, value and the date and time of opening.
- 20.2 Where the contract value exceeds £5k the tender or quotation documents must be issued and received electronically, including (where possible) mini competitions under external frameworks. The Officer may choose to use YORtender for this purpose.
- 20.3 Where the contract value exceeds £25k the tender or quotation documents must be made available electronically via YORtender, the tender and quotation submissions must also be received electronically via YORtender, including (where possible) mini competitions under external frameworks.
- 20.4 Only in exceptional circumstances, such as large construction contracts where there are a large amount of drawings, physical models are required, or where a tenderer doesn't have the capacity to tender electronically such as in small community contracts, should hard copy submissions be permitted.

21. Hard Copy Submissions

- 21.1 In exceptional circumstances where hard copy submissions are permitted, they must be addressed to the Finance Director in a sealed envelope endorsed with the word "Tender" followed by the subject matter to which it relates. No marks shall be included upon the envelope that identifies the bidder prior to the opening of the envelope. Tenders shall be kept in a safe place and remain unopened until the time and date specified for their opening.
- 21.2 Hard copy tenders shall be opened in accordance with CPR 20.1.
- 21.3 Where above EU Threshold hard copy tenders are permitted, they must be managed in accordance with regulation 22 of the Public Contract Regulations.
- 21.4 Where hard copy submissions are requested the Officer must indicate in the Procurement Report the reasons for that requirement.

22. Managing Late Tender Submissions

- 22.1 YORtender does not allow tenders to be submitted after the deadline.

- 22.2 Late bids may only be accepted with the approval of the Monitoring Officer where the bidder has gained no advantage as a result of the late submission and for reasons where the late submission is through no fault of the bidder, for example where there is evidence that YORtender was unavailable.
- 22.3 Any hard copy submissions received after the specified time shall be disqualified. Any such tender should be returned promptly to the bidder who should be notified accordingly. The tender envelope may be opened to ascertain the name and address of the bidder concerned.

23. Managing Errors and Ambiguities

- 23.1 Tender Documents must state how errors in tenders will be dealt with. Whichever process is followed it must be transparent and fair to all tenderers.
- 23.2 Where a tenderer has made a material and genuine error, they may, with the approval of the Monitoring Officer, be given an opportunity to correct that error prior to tender evaluation. If correction is permitted the tenderer must submit the required information within a strict time limit. Failure to meet the time limit will result in the tenderer being given the choice to stand by the bid as submitted or withdraw their tender.
- 23.3 Where information or documentation submitted appears to be incomplete or erroneous, or where specific documents are missing, the Authority may request the tenderer concerned to submit, supplement, clarify or complete the relevant information or documentation within a strict time limit provided that such requests are made in full compliance with the principles of equal treatment and transparency. Failure to meet the time limit will result in the tenderer being given the choice to stand by the bid as submitted or withdraw their tender.
- 23.4 Other errors in tender submissions should be dealt with either by asking the tenderer to confirm that they will honour their tender submission despite their error or if not withdraw the tender from the procurement process.
- 23.5 If a bidder agrees to stand by an error which jeopardises its ability to perform the contract to the standard required, or may result in legal dispute, then the Authority should consider whether this renders the bid to be unacceptable.

24. Abnormally Low Tenders

- 24.1 Where a tender appears to be abnormally low the Officer should request that the tenderer explains the tendered price in writing and considers the evidence provided. Should a satisfactory explanation not be provided the bid should be rejected following consultation with the Monitoring Officer.

25. Post Tender Clarification and Negotiation

- 25.1 Where an aspect of a submitted tender is genuinely unclear the Officer may request that the tenderer provides clarification of that matter. The response must only clarify the relevant part of the original tender and not contain any new information. Anything that is submitted and goes above and beyond clarification must be disregarded in the evaluation.

- 25.2 All clarifications and responses must be in writing and recorded in a log. It is important that clarifications are not used as a means to negotiate and advice should be sought if there is any doubt whether something is clarification or negotiation.
- 25.3 Where the Public Contract Regulations apply post tender negotiation is only permitted whilst using the competitive procedure with negotiation. Post tender negotiations are not permitted in open and restricted procedures.
- 25.4 In sub-threshold procurements where the Public Contract Regulations do not apply and it is considered that post tender negotiations are in the Authority's interests and may achieve added value then post tender negotiations may, subject to 25.5 exceptionally be appropriate where authorised by the Assistant Director (Procurement).
- 25.5 Post tender negotiations must only take place where they do not distort competition or disadvantage any bidder. The process should be transparent and non-discriminatory and ensure bidders are treated equally. Post tender negotiations with any tenderers must be in accordance with the following conditions:
- Post tender negotiation should only take place if the tender documents state that it may take place.
 - Conducted by a team of suitably experienced Officers.
 - Written records of the negotiations are kept and a clear written record of the added value obtained is incorporated into the contract.

26. Evaluating Tenders

- 26.1 The tender evaluation criteria including sub-criteria and all weightings shall be pre-determined and published in the invitation to tender (ITT). The pre-determined criteria shall be strictly observed at all times throughout the evaluation process by any Officer involved in the tender evaluation. The tenders must be evaluated in accordance with the relevant Public Contract Regulations and the evaluation criteria as set out in the ITT. Except where lowest price was pre-determined to be the appropriate criteria, the contract shall be awarded to the offer that represents most economically advantageous offer to the Authority.
- 26.2 Detailed records must be kept of the evaluation process and the individual or consensus scores allocated, including the reasons why each score was given. Records should be saved electronically (PDF format) and stored in accordance with the Authority's Records Retention Policy.
- 26.3 The evaluation team must have appropriate separation of duties; the quality evaluation team must not be involved in the evaluation of price or be privy to the tendered prices and vice versa.

27. Debriefing and Feedback

- 27.1 Feedback is not required for quotations of £5k - £25k.

- 27.2 Once a decision to award a contract at £25k and above is made all tenderers must be notified at the same time, as soon as possible, in writing, of the intention to award the contract to the successful bidder, giving reasons for the decision.
- 27.3 The Officer will provide the evaluation results (tenderers score and winning tenderers score) to unsuccessful tenderers and will offer to provide further written feedback.
- 27.4 Where unsuccessful tenderers request a further debrief this should be provided to them in writing.
- 27.5 A contract subject to the Public Contracts Regulations can only be awarded following a communication to all unsuccessful tenderers and a mandatory 10-day standstill period. Failure to comply can result in a challenge and the contract being set aside.
- 27.6 Where the procurement was conducted under a framework agreement Officers should comply with CPR 27.5 above on a voluntary basis in order to avoid the risk of the contract being declared ineffective.
- 27.7 If an unsuccessful bidder challenges the decision to award the contract and the contract has not already been awarded then the award process must be postponed, the Assistant Director (Procurement) and the Monitoring Officer must be informed and legal advice obtained.

28. Awarding Contracts

- 28.1 A contract may only be awarded in accordance with the delegations set out in CPR 4.
- 28.2 Contracts executed as a deed shall be under seal unless otherwise authorised by the Monitoring Officer.
- 28.3 Contracts may be signed by the Monitoring Officer or an Officer authorised by the Monitoring Officer.
- 28.4 Electronic signatures may be used in accordance with the Electronic Signature Regulations 2002.
- 28.5 Every contract must be in writing and must be concluded (executed by all parties) prior to the commencement of any works, services or any supply. Exceptionally, and only for certain categories of procurement such as construction, a letter of intent may be utilised to enable forward planning and mobilisation activities. Proceeding under a letter of intent can give rise to risks and suitable legal advice should always be sought before utilising a letter of intent.
- 28.6 When a contract is awarded the Officer must ensure that the award is published in accordance with CPR 18.
- 28.7 Where the nature of the contract meets the criteria of a Key Decision, the decision to award the contract must be published on the forward plan, at least 28 days in advance of the decision being made. Officers should allow sufficient time in the procurement plan to accommodate this process.
- 28.8 Where directed Officers shall submit a report regarding the award of any procurement to the earliest available meeting of the appropriate Board or Committee.

- 28.9 The Officer should check whether the successful tenderer is an existing supplier or requires to be added to the finance system as a new creditor.
- 28.10 A purchase Order should be raised and issued with the signed contract.

29. Records and Retention

- 29.1 The Authorised Officer with delegated authority in respect of a particular procurement shall maintain a list of all tenders received.
- 29.2 A Contracts Register of all contracts awarded above £5,000 shall be maintained and made publicly available by the Assistant Director (Procurement) on behalf of the Authority. The Contracts Register may be maintained electronically on YORtender.
- 29.3 For every individual contract a file shall be maintained for a period of 6 years. The file may be held electronically.

30. Contract Management

- 30.1 All contracts must have appropriate and proportionate contract management procedures and practises in place. Officers should consider whether the use of Key Performance Indicators and/or liquidated damages would be appropriate and if so, they should be incorporated into the contract in a proportionate manner.

31. Contract Variation

- 31.1 Approval to implement a contract variation must be requested by providing a business case in Appendix 3 Request to implement a CPR.
- 31.2 The value of the variation shall be calculated in accordance with Public Contract Regulations 2015 (irrespective of whether the Regulations apply), including whole life costs for the duration of the variation and/or continuing costs and any unrecoverable VAT.
- 31.3 A variation must not materially affect or change the scope of the original contract. Such a variation could constitute a new award/contract. Where a proposed variation exceeds 10% of the original contract value (goods and services) or 15% of the original contract value (works), the Public Contract Regulations must be followed where applicable and suitable legal advice obtained.
- 31.4 All Contract variations must be in writing, signed by both parties and the contract register should be updated accordingly.
- 31.5 If the variation meets the criteria of a Key Decision, the decision to authorise the variation must be published on the forward plan, at least 28 days in advance of the decision being made.

32. Contract Novation

- 32.1 Approval to implement a contract novation must be requested by completion of a business case in Appendix 3 Request to implement a CPR.

- 32.2 Novation involves an agreement to change a contract by substituting the original contractor with another. Where the Authority is approached regarding novation the Officer should seek advice as follows:
- 32.3 For services or supplies contracts under the procurement threshold or works contracts under £250,000 the Monitoring Officer should be consulted for advice.
- 32.4 For services or supplies contracts valued above the procurement threshold or works contract valued above £250,000 suitable legal advice must be sought.

33. Contract Extension

- 33.1 Approval to implement a contract extension must be requested by completion of a business case in Appendix 3 Request to implement a CPR, to be approved by the Monitoring Officer and the Finance Director.
- 33.2 Contracts should not be extended unless the extension will achieve value for money.
- 33.3 Where the contract value exceeds the EU procurement threshold contract extensions are only permitted if there is provision in the contract to do so and the contract has not already expired. Once a Contract has expired it cannot be extended.
- 33.4 Below EU Threshold contracts may be extended by negotiation.
- 33.5 Where a contract is extended the contracts register should be updated accordingly.
- 33.6 Where the decision to extend a contract incurs expenditure that exceeds the threshold of a Key Decision, it is not necessary to treat that decision as a Key Decision, providing the option to extend the contract was included in the decision to award the contract.

34. Contract Termination

- 34.1 Approval to implement a contract termination must be requested by completion of a business case in Appendix 3 Request to implement a CPR.
- 34.2 Either party to the contract may terminate a contract early, by agreement, in accordance with the termination provisions set out in the contract. Any termination by the Authority must be agreed by the Monitoring Officer and authorised as directed by the Monitoring Officer.
- 34.3 Where termination is initiated by the contractor, or is planned to be initiated by the Authority, under circumstances that are not by mutual agreement, legal advice must be obtained.

35. Contract Review and Exit

- 35.1 At least twelve months prior to the expiry of the contract the Officer should have an exit plan in place. The exit plan should contain, as a minimum, provision for the handover of any assets or data, a strategy for post exit arrangements and if necessary, plans for re-procurement, including allowance of time for any required approval processes.

36. Joint Procurement

- 36.1 Any joint procurement arrangements with other authorities or public bodies including membership or use of purchasing consortia for procurements above £250,000 shall be approved by the Monitoring Officer prior to seeking any other required approval. Approval shall only be given where the joint procurement arrangement assures compliance with the Public Contract Regulations. This Procedure Rule does not apply to utilising existing framework agreements.
- 36.2 The Authorising Officer must be satisfied that any joint procurement shall be undertaken in accordance with the principles of these CPRs.
- 36.3 Approval to embark on a joint procurement exercise must be requested by completion of a business case in Appendix 3 Request to implement a CPR.

37. Procurement by Consultants

- 37.1 Any Consultants used by the Authority shall be appointed in accordance with these Contract Procedure Rules. Where the Authority uses Consultants to act on its behalf in relation to any procurement, then the Authorised Officer shall ensure that the Consultants carry out any procurement in accordance with these CPRs, or using an equivalent market appropriate, open and transparent process that is compliant, where applicable with the Public Contract Regulations 2015. Consultants shall only be permitted to make recommendations on whether to award a contract or who a contract should be awarded to.

38. Purchasing Cards

- 38.1 Purchasing cards shall be used in accordance with these procedure rules.

39. Review and Amendment of Contract Procedure Rules

- 39.1 These Contract Procedure Rules shall be reviewed and updated on a regular basis as determined by the Authority. Changes to titles, statutory thresholds and minor amendments will be undertaken in consultation with the Monitoring Officer from time to time. Amended Contract Procedure Rules shall be agreed periodically as determined by the Monitoring Officer and adopted by the Authority.

40. Waivers of Contract Procedure Rules

- 40.1 While the Authority may choose to waive certain requirements within these Contract Procedure Rules it is important to note that the requirements of Public Contract Regulations 2015 cannot be waived under any circumstances.
- 40.2 Waivers must be obtained in advance of the procurement action, cannot be issued retrospectively and should not be requested due to a lack of planning.
- 40.3 Circumstances where a Waiver to the requirement for competition may be justified include for example, the procurement of goods, services or works, where evidence can be provided

that they are obtainable only from one supplier, where no equivalent or reasonably satisfactory alternative is available and no genuine competition can be obtained;

- 40.4 In order to waive a Contract Procedure Rule the Officer must complete the waiver form attached to these CPRs at Appendix 4.
- 40.5 Waivers up to £50,000 may be authorised by the Assistant Director (Procurement) or, if the position is vacant or the Assistant Director (Procurement) is for any reason unable to act, the Director of Finance or his / her delegate:
- 40.6 Waivers up to £100,000 may be authorised by the Director of Finance or, if the position is vacant or the Director of Finance is for any reason unable to act, the Monitoring Officer:
- 40.7 Waivers in excess of £100,000 must be referred to the Authority.
- 40.8 Where it is necessary to waive CPRs because of an unforeseeable emergency involving immediate risk to persons or property, serious disruption to the Authority, or other significant situation that requires urgent action, the waiver may be approved verbally without completion of a waiver form up to a maximum of £100,000. The Officer must prepare a report describing the situation and actions taken for submission to the next appropriate Board meeting.
- 40.9 Waivers are granted for a specific period of time and cannot be extended. If waivers are not actioned on time a new waiver must be requested.
- 40.10 All applications to waive Contract Procedure Rules and a record of the decision to approve or reject the application must be recorded on the Authority's CPR Waiver Log.
- 40.11 Where the waiver results in a contract valued in excess of £5,000 detail of the waiver should be recorded on the Contract Register.
- 40.12 Where any Contract Procedure Rule indicates that an Officer "must" follow a certain course of action that CPR cannot be waived under any circumstances. All other Contract Procedure Rules must be complied with unless otherwise authorised via the waiver process.

41. Nominated Sub Contractors

- 41.1 If a sub-Contractor or sub-Consultant is to be nominated or named to a main Contractor, they must be procured in accordance with these Contracts Procedure Rules and under terms that are compatible with the main contract. The procurement documents should require that the nominated Contractor or Consultant must also be willing to enter into:
 - 41.1.1 a contract with the main contractor on terms which indemnify the main contractor against the main contractor's own obligations under the main contract in relation to the work or goods or materials included in the sub-contract;Or
 - 41.1.2 an agreement to indemnify the Authority in such terms as may be prescribed.

42. Managing Supplier Risk

- 42.1 Officers must consider any steps necessary to protect the Authority's interests in the event of contractor default. Officers should assess whether additional security is required in the

form of a bond, guarantee and retention or, where performance is required by a particular date and where delay would have financial consequences for the Authority, provision for liquidated damages. This consideration should be based on risk to the Authority taking account of the circumstances, including:

- 42.1.1 value of the Contract
- 42.1.2 impact on the business operations
- 42.1.3 type of Goods, Services or Works being procured
- 42.1.4 payment profile of the Contract
- 42.1.5 financial strength of the suppliers in the market
- 42.1.6 affordability and proportionality.

43. External Grant Funded Procurements

- 43.1 The purchase of goods, works and services in grant funded projects are subject to rigorous audits to confirm that processes have complied with Public Procurement Law and the conditions of the grant in which the funding was given.
- 43.2 Examples of grant funding are the European Structural and Investment Fund (ESIF) which includes European Regional Development Fund (ERDF) and European Social Fund (ESF).
- 43.3 Failures by grant recipients to comply with Public Procurement Law, Treaty Principles and the conditions of the grant can lead to the claw back of funding. Depending upon the characteristics of the breach, this could be up to 100% of the grant.
- 43.4 There are separate penalties for breaches of Public Procurement Law.
- 43.5 Funding should only be sought to fund a procurement where the Authority is satisfied that it has fully considered and planned how it will be able to demonstrate compliance with Public Procurement Law, Treaty Principles and the terms and conditions of the grant.
- 43.6 Information on procurement rules for ESIF funded projects is given at:
<https://www.gov.uk/government/publications/european-structural-and-investment-funds-procurement-documents>

Definitions

“Assistant Director (Procurement)”	The relevant Assistant Director, or equivalent Head of Service with responsibility for Authority’s procurement function.
“Authorised Officer”	A person with appropriate delegated authority to act on the Authority’s behalf.
“Authority”	Sheffield City Region Combined Mayoral Authority; or any designated Board of the Authority that has delegated powers to act on behalf of the Authority.
“Conflict of Interest Declaration”	Appendix 5 to these Contract Procedure Rules.
“Consultant”	Provider of professional services, expertise, expert analysis or advice to facilitate decision making; undertake a specific one-off task or set of tasks; or perform a task involving skills or perspectives not available within the Authority.
“Contract”	Means an agreement between the Authority and any Contractor or supplier made by formal agreement or by issue of a letter of acceptance or official order for goods, works or services.
“Contract Extension”	An extension to the duration of the contract for a specified period, not including any alteration to the terms and conditions or any significant alteration to the scope of the contract. A contract cannot be extended if it has expired
“Contract Renewal”	A renewal of a contract that has expired and the parties agree to enter into a new contract for the same goods, services or works.
“Contract Variation”	Any amendment, supplement or modification to the Contract.
“Contractor”	Any person or body of persons providing, or seeking to provide, supplies, services or works to the Authority. May be used interchangeably with supplier.
“Contracts Finder”	The web-based procurement portal provided by or on behalf of the UK Government Cabinet Office.
“Contracts Register”	A public register held and maintained by the Authority containing details of contracts valued at £5,000 or more.

“EU Threshold”	The thresholds described at CPR 13.3.
“Forward Plan”	A list of Key Decisions submitted to the Scrutiny Committee.
“Framework Agreement”	An agreement which allows an Authority to appoint a supplier to provide supplies, services or works in accordance with the terms of the agreement. The Framework Agreement itself usually constitutes a nonbinding offer with no obligations on the Authority to call off from the supplier. If the Authority calls off from the supplier a binding contract comes into being.
“Key Decision”	A decision that is likely to result in expending, or saving in excess of £250,000, or have significant effects on persons living or working in an area, comprising two or more wards or electoral divisions.
“Key Performance Indicators”	A quantifiable measure used to evaluate the success of an organisation in meeting performance objectives.
“Light Touch Services”	Public contracts for social and other specific services as set out in Chapter 3, Section 7 of the Public Contract Regulations 2015.
“Monitoring Officer”	The Monitoring Officer performing the functions of the “Monitoring Officer” as described under section 5 of the Local Government and Housing Act 1989.
“National Level”	Publication may take place at national level when the Authority is notified that the OJEU notice has been published, or if not notified, 48 hours after confirmation that the notice has been received by the EU Publications Office
“OJEU”	Official Journal of the European Union.
“Procurement Expert”	The designated Officer of the Authority’s procurement department.
“Procurement Report”	Appendix 1 to these Contract Procedure Rules
“Treaty Principals”	The Treaty on the Functioning of the European Union applies to all procurement activity regardless of value, including contracts below the thresholds at which advertising in the Official Journal of the European Union is required and including contracts which are exempt from application of the EU Procurement Directives. These EU Treaty Principles apply to all procurements with a “cross-border interest”, whether or not the full

“YORtender”

procurement regime (and, therefore, the Regulations) applies.

The procurement portal for the Yorkshire & Humber Region. Suppliers can register their capabilities and interest in opportunities, receive email alerts and gain immediate access to current opportunities.

Appendix 1 Procurement Report (Contracts valued £25k or more)

Authors should send this form to procurement@sheffieldcityregion.org.uk

Section A: Report by		
1.	Report Author	
2.	Contact Telephone Number	
3.	Team	
4.	Department	
5.	Date	
6.	Responsible Officer (<i>A.D. or above</i>)	
7.	Signature of Responsible Officer	
Section B: Pre-procurement Requirements.		
Request to commence a procurement exercise following due consideration of the points below.		
8.	Subject-matter and purpose of the contract, framework agreement or DPS to be procured.	
9.	Proposed procurement procedure (<i>If not Open or Restricted please also complete Appendix 2</i>)	
10.	Contract value including whole life costs, extension periods and unrecoverable VAT.	
11.	Consideration of interest to economic operators in other member states of the EU and proposed action.	
12.	Possibility of in-house provision excluded.	
13.	Detail of equality screening / impact assessment and proposed action.	
14.	Consideration of social value and proposed action.	
15.	Data protection screening / impact assessment and proposed action	
16.	Advice taken (<i>legal, financial, insurance, procurement, health and safety, risk management, data protection and assurance</i>).	
17.	Consultation with key stakeholders including Members (where appropriate) and Trade Unions (where TUPE might apply).	
18.	Consideration of dividing the contract into lots. If not possible the reasons why.	
19.	Advice taken to properly categorised the contract as goods, services, works or 'Light Touch' services.	
20.	Identified risks and proposed actions to manage them. (<i>political, economic, social and demographic, technological, legal, environmental, contractual and financial</i>).	
21.	Confirmation that the expenditure is contained within an approved budget.	
22.	Proposed Quality / Price Weighting	

23.	Confirmation that there is no known Conflict of Interest of relevant Officers in relation to the procurement	
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Section C: Approval to commence the procurement (to be completed by Authorised Officer)		
Procurement Expert Comments	Based on the information detailed above, it is recommended that the request as proposed in this report is approved/rejected (delete as appropriate).	
Signed		Date
Decision Director or A.D for the business area.	Based on the information detailed above, the request to commence the procurement is approved/rejected (delete as appropriate).	
Signed		Date

Section D: Recommended course of action following the completion of a procurement exercise.		
Note: in addition to meeting internal reporting requirements, where the value of the contract exceeds the EU Threshold, completion of section D will ensure compliance with Regulation 84 of the Public Contract Regulations.		
24.	Subject-matter of the contract, framework agreement or DPS	
25.	Value of the contract, framework or DPS	
26.	Names of successful candidates at selection stage and the reasons for their selection	
27.	Names of unsuccessful candidates at selection stage and the reasons for their rejection	
28.	Reasons for the rejection of any tenders found to be abnormally low	
29.	Justification for use of competition with negotiation process or competitive dialogue process	
30.	Justification for use of negotiated procedure without prior publication of a notice	
31.	Reasons why it was decided not to award the contract/framework agreement	
32.	Reasons why non-electronic means was used for submission of tenders	
33.	Conflicts of interest detected and subsequent measures taken	
34.	If applicable the reasons for the decision not to subdivide the contract into lots	
35.	Name(s) of successful tenderer(s)	
36.	Reasons for selection of successful tenderer(s)	
37.	Name(s) of the main contractor's subcontractors (if any)	
38.	Share of the contract/framework agreement that the successful tenderer intends to sub-contract	

Section E: Approval to award a contract / framework (to be completed by Authorised Officer)		
Decision In accordance with CPR 4	Based on the information detailed above, the award of the contract / framework is approved/rejected (delete as appropriate).	
Signed		Date

Appendix 2 Request to use a Procurement Procedure (other than open or restricted).

Authors should refer to CPR 16 before completing the form below and sending to procurement@sheffieldcityregion.org.uk

Section A: Report By:		
1.	Report Author	
2.	Contact Telephone Number	
3.	Team	
4.	Department	
5.	Responsible Officer (<i>A.D. or above</i>)	
6.	Signature of Responsible Officer	
7.	Date	
By signing this report, I confirm that I have read and understand the requirements of CPR 16.		

Section B: Background		
8.	Title of Procurement	
9.	Request to use the following procurement procedure	Please tick <input checked="" type="checkbox"/>
10.	Competitive procedure with negotiation	<input checked="" type="checkbox"/>
11.	Competitive dialogue	<input checked="" type="checkbox"/>
12.	Innovation partnership	<input checked="" type="checkbox"/>
13.	Use of the negotiated procedure without prior publication	<input checked="" type="checkbox"/>
14.	Contract Value (<i>exc. Recoverable VAT</i>)	
15.	Contract Dates	
16.	Name of Supplier(s) (<i>if applicable</i>)	

Section C: Report	
17.	Reason for request and recommended course of action
<p><i>[Sufficient information must be included to enable the Authorised Officer to make a decision e.g. justification for using the procedure), explanation of how value for money is being achieved including any savings secured by this approach. Any social, economic or environmental advantages from this course of action]</i></p>	
18.	Consequences of proposed request not being approved

Section D: Comments and recommendation (Procurement Expert to complete this Section)		
19.	Date Received	
20.	Legal / Head of IT Comments	
21.	Procurement Expert Comments	Based on the information / reasons detailed above, it is recommended that the request as proposed in this report is approved/rejected (delete as appropriate).
	Signed	
	Date	
	Any Conditions	

Section E: Decision (to be completed by Authorised Officer)			
Decision Assistant Director (Procurement)		Based on the information / reasons detailed above, the request as proposed in this report is approved/rejected (delete as appropriate).	
Signed		Date	

Appendix 3 Request to Vary/amend/extend etc Contract under CPR31-36

Authors should refer to the relevant CPR before completing the form below and sending to procurement@sheffieldcityregion.org.uk

Section A: Report By:	
1.	Report Author
2.	Contact Telephone Number
3.	Team
4.	Department
5.	Responsible Officer (<i>A.D. or above</i>)
6.	Signature of Responsible Officer
7.	Date
By signing this report, I confirm that I have read and understand the requirements of the relevant CPR.	

Section B: Proposal to implement one of the following procedures	
8.	Title of Procurement
9.	Request to use the following procurement procedure Please tick <input checked="" type="checkbox"/>
10.	CPR 3.4 – Additional works, supplies or services - that are required due to unforeseen circumstances, which are either strictly necessary for the completion of the contract, or for technical or economic reasons cannot be carried out separately without great detriment to the Authority. <input checked="" type="checkbox"/>
11.	CPR 31 - Contract Variation <input checked="" type="checkbox"/>
12.	CPR 32 - Contract Novation <input checked="" type="checkbox"/>
13.	CPR 33 - Contract Extension <input checked="" type="checkbox"/>
14.	CPR 34 - Contract Termination <input checked="" type="checkbox"/>
15.	CPR 36 - Joint Procurement Exercise <input checked="" type="checkbox"/>
16.	Value (<i>exc. Recoverable VAT</i>)
17.	Contract Dates
18.	Name of Supplier(s) (<i>if applicable</i>)
19.	YORtender Reference Number (<i>if applicable</i>)

Section C: Report	
20.	Reason for request and recommended course of action
<i>[Sufficient information must be included to enable the Authorised Officer to make a decision e.g. justification for using the procedure), explanation of how value for money is being achieved including any savings secured by this approach. Any social, economic or environmental advantages from this course of action]</i>	
21.	Consequences of proposed request not being approved

Section D: Comments and recommendation (Procurement Expert to complete this Section)		
22.	Date Received	
23.	Legal / Head of IT Comments	
24.	PPU Comments	
25.	Assistant Director (Procurement)	Based on the information / reasons detailed above, it is recommended that the request as proposed in this report is approved/rejected (delete as appropriate).
26.	Signed	
	Date	
	Any Conditions	

Section E: Decision (to be completed by Authorised Officer)			
Note: where approval constitutes a Key Decision this must be published on the forward plan			
Decision (Finance Director / Monitoring Officer / Head of Paid Service / Chief Executive)		Based on the information / reasons detailed above, the proposal described in this report is approved/rejected (delete as appropriate).	
Signed		Date	

Appendix 4a Waiver Request Form

Contracts less than £50,000

Guidance Notes

Authors should refer to CPR 40 before completing the form below and sending to procurement@sheffieldcityregion.org.uk

Section A: Report By:	
1.	Report Author
2.	Contact Telephone Number
3.	Team
4.	Department
5.	Responsible Officer (<i>A.D. or above</i>)
6.	Signature of Responsible Officer
7.	Date
By signing this Waiver, I confirm that I have read and understand the requirements of CPR 40.	

Section B: Background – Request to waive Contract Procedure Rule(s):	
8.	Title of Procurement
9.	CPR(s) to be waived
10.	Contract Value (<i>exc. Recoverable VAT</i>)
11.	Contract Dates
12.	Propose waiver end date
13.	Name of Supplier(s)

Section C: Report	
14.	Reason for request and recommended course of action
<p><i>[Sufficient information must be included to enable the Authorised Officer to make a decision e.g. justification for using the supplier including details of previous contracts (dates, value, scope, procurement process used), explanation of how value for money is being achieved including any savings secured by this approach. Any social, economic or environmental advantages from this course of action]</i></p>	
15.	Consequences of proposed waiver not being approved
16.	Repeat Waiver: <i>If applicable provide details of previous waiver and reason why previous waiver has not been actioned.</i>

Section D: Comments and recommendation (Procurement Expert to complete this Section)		
17.	Date Received	
18.	Legal / Head of IT Comments	
19.	Procurement Expert Recommendation	
	Signed	
	Date	
	Any Conditions	

Section E: Decision (to be completed by Authorised Officer)			
Decision (Assistant Director (Procurement)	Based on the information / reasons detailed above, the request to waive the Contract Procedure Rule(s) as proposed in this report is approved/rejected (delete as appropriate).		
Signed		Date	

Appendix 4b Waiver Request Form

Contracts greater than £50,000

Guidance Notes

Authors should refer to CPR 40 before completing the form below and sending to procurement@sheffieldcityregion.org.uk

Section A: Report By:		
1.	Report Author	
2.	Contact Telephone Number	
3.	Team	
4.	Department	
5.	Responsible Officer (<i>A.D. or above</i>)	
6.	Signature of Responsible Officer	
7.	Date	
By signing this Waiver, I confirm that I have read and understand the requirements of CPR 40.		

Section B: Background – Request to waive Contract Procedure Rule(s):		
8.	Title of Procurement	
9.	CPR(s) to be waived	
10.	Contract Value (<i>exc. Recoverable VAT</i>)	
11.	Contract Dates	
12.	Propose waiver end date	
13.	Name of Supplier(s)	

Section C: Report	
14.	Reason for request and recommended course of action
<i>[Sufficient information must be included to enable the Authorised Officer to make a decision e.g. justification for using the supplier including details of previous contracts (dates, value, scope, procurement process used), explanation of how value for money is being achieved including any savings secured by this approach. Any social, economic or environmental advantages from this course of action]</i>	
15.	Consequences of proposed waiver not being approved
16.	Repeat Waiver: <i>If applicable provide details of previous waiver and reason why previous waiver has not been actioned.</i>

Section D: Comments and recommendation (Procurement Expert to complete this Section)		
17.	Date Received	
18.	Legal / Head of IT Comments	
19.	Procurement Expert Comments	
20.	Assistant Director (Procurement)	Based on the information / reasons detailed above, it is recommended that the request to waive the Contract Procedure Rule(s) as proposed in this report is approved/rejected (delete as appropriate).
	Signed	
	Date	
	Any Conditions	

Section E: Decision (to be completed by Authorised Officer)			
In accordance with CPR 40	Based on the information / reasons detailed above, the request to waive the Contract Procedure Rule(s) as proposed in this report is approved/rejected (delete as appropriate).		
Signed		Date	

Appendix 5 Conflict of Interest Declaration (Contracts valued 5,000 or more)

11 Broad Street West, Sheffield, S1 2BQ

Guidance Notes: A copy of this form must be completed and returned to procurement@sheffieldcityregion.org.uk for all Officers forming part of tender evaluation panel prior to any contracts being awarded.

Section A: Background	
Title of Procurement	
Procurement method	
Procurement Value	
Number of Supplier submissions	
Preferred Supplier	

Section B: Supplier Details		
	Name	Details
1		
2		
3		
4		
5		

Section C: Conflicts of Interest	
Is there anything that should stop you evaluating these tenders?	Yes/ No
Are any of your family directly employed by or a Director of any of the firms applying?	Yes/ No
Have you or any family member had any previous associations with any of the companies that should be declared	Yes/ No
If you answered Yes to any of the questions above please provide further detail below	

--

Section D: Declaration	
Based on the above information I confirm that in relation to this procurement or the prospective suppliers:	
<ul style="list-style-type: none"> - [I do not have a conflict of interest and proceeded as an evaluator] - [I declared a potential conflict of interest and received Monitoring Officer confirmation I could proceed as an evaluator] - [I declared a potential conflict of interest and was removed as an evaluator at the Monitoring Officer's request] - [I declared conflict of interest and did not proceed as an evaluator] 	
Name	
Date	
Signature	

Section E: Comments and recommendation (Procurement Expert to complete this Section)	
Date Received	
Signed	
Date	
Any Comments	

Section E: Decision (Monitoring Officer to complete this Section only if a potential conflict of interest identified)	
Statutory Officer Decision	
Signed	
Date	
Any Comments	

16th November 2020

Risk Management

Purpose of Report

Following a full internal Management Board review and an Internal Audit Report, the risk management framework of the MCA has been revised and refreshed. This report presents a new risk management policy and process.

Thematic Priority

Cross cutting.

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

The Mayoral Combined Authority is asked to consider and approve the revised Risk Management Policy (Appendix 1).

1. Introduction

- 1.1** Part 6F of the Constitution specifies that the Mayoral Combined Authority will put in place a Risk Management Policy.

A recent Internal Audit Report on risk management concluded that the processes of the MCA Executive in monitoring and managing risk on behalf of the MCA provide 'significant assurance with some improvements required'.

The recommendations of the audit included refreshing authority's Risk Management Policy and Process to ensure they; accurately reflect the structure of the organisation, set out reporting requirements, clarify escalation and de-escalation procedures and outlines how the MCA oversees the risk management arrangements of the PTE.

The audit report also recommended that a consistent approach to scoring and moderating risks should be developed as well as ensuring adequate training and development for roles with specific risk management responsibilities.

- 1.2** This paper presents a revised Risk Management Policy and Process, strengthened to address the recommendations of the internal audit report. The MCA Audit and Standards Committee, who are charged with overseeing the effectiveness of the Authority's risk management arrangements, endorsed the revised policy and process at their meeting on the 29th October 2020.

2. Proposal and justification

- 2.1** The existing Risk Management Policy and Process have been reviewed and strengthened, and now follow the 'Management of Risk' (MoR®) principles of risk management which are aligned to the international standard for risk management ISO31000:2009 (There are currently 9 MoR® formally trained risk champions in the MCA Executive Team).

The refreshed Risk Management Policy and Process describes why risk management is important to the organisation and the objectives served by implementing a formal risk management approach. It sets out the approach to risk appetite and risk tolerance thresholds, the procedure for escalation/de-escalation, risk management duties of roles within the organisation and reporting requirements. It also sets out how the organisation plans to carry out risk management and the approach to identifying, assessing and evaluating risk, and planning and implementing mitigations.

The content of the documentation now addresses a number of recommendations made by the internal audit. These have been considered by the Audit and Standards Committee who have endorsed the approach taken.

2.2 Next steps

Further to approval by the MCA, the Risk Policy will be published on the Authority's website.

3. Consideration of alternative approaches

- 3.1** The MCA Executive respects the recommendations of the recent internal audit of risk management and, having considered various options, believes that the proposed risk management policy and process addresses the improvement points raised in the audit.

4. Implications

4.1 Financial

Failure to adequately manage risk could have significant financial implications for the MCA. The financial risk analysis has been redefined as follows:

- Extreme – Loss that could destabilise the financial health of the MCA Executive and / or destabilise a programme of activity (most likely a multi-year issue, or one which would take multiple years to resolve);
- Major/Serious – Loss that could be detrimental to the financial health of the MCA Executive and / or detrimental to delivering a programme of activity (most probably a single year issue);
- Moderate - Loss that is significant which cannot be contained within budget but that would require a new budget to be developed and approved
- Minor – Minor loss that can be contained within budget but would result in some planned spend being cancelled or delayed
- Immaterial – Minor loss that can be contained within budget with no detrimental impact on other planned activity

These impact levels are set out on page 11 of the Risk Management Policy and Process along with a description of different levels of impact in the categories of 'political', 'reputational' and 'economic'.

4.2 Legal

There are no legal implications relating to the development and embedding of risk management processes.

4.3 Risk Management

Risk management is vitally important to the successful delivery of objectives. A defined risk management process is a key component of the governance and control framework that underpins this.

4.4 Equality, Diversity and Social Inclusion

There are no equality, diversity and social inclusion issues relating risk management processes.

5. Communications

5.1 Risk management processes are internal and do not require external communications. However, the Policy will be publicly available. Internal communication will be undertaken appropriately.

Should a risk materialise that has the impact of adverse public or Government reaction communication will be managed appropriately.

6. Appendices/Annexes

6.1 Appendix 1 – Risk Management Policy & Process

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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: n/a

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Risk Management

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What is Risk Management?	4
<p>This section clarifies what we mean by ‘risk’ and why it’s important to manage risk. It also outlines our approach to risk management and how it is used across the organisation as well as the related roles and responsibilities.</p>	
The Process of Managing Risk	7
<p>This section sets out the starting point for managing risk including understanding how much risk are we willing and can take to achieve our objectives, when risks become too risky and what to do when that happens.</p>	
Identifying and Mitigating Risks	9
<p>This section sets out the process for working out what the risks are, assessing them, planning what to do about them and doing it.</p>	
Reporting	12
<p>This section sets out the regular reporting that ensures the organisation as a whole knows what risks are being taken and why.</p>	
Supporting, developing and assuring Risk Management	13
<p>This section describes how risk management is supported and the activities identified to further strengthen the management of risk. It also sets out how risk management will be assured and assessed for effectiveness.</p>	
Glossary	14
<p>The glossary sets out a common vocabulary for risk management to ensure all participants speak the same language.</p>	

Foreword

Sheffield City Region Mayoral Combined Authority (MCA) is responsible for the strategic economic development decision making for the Sheffield City Region (SCR). The MCA works closely with the private sector led Local Enterprise Partnership (LEP) to ensure local business representatives are actively involved in decision making processes.

The MCA Executive Team provides impartial advice to the MCA and LEP encompassing the development of policy, strategy, programme commissioning and assurance at a regional level in order to meet the objective of growing the City Region economy.

The MCA is committed to delivering its strategic objectives, whilst having a keen the awareness of threats that may impact its planned outcomes, and a clear focus on the management of these risks.

This document sets out the MCA's approach to risk management and aims to explain the purpose of risk management. It also communicates why and how risk management is implemented by the MCA Executive team (on behalf of the MCA) encompassing the work of the MCA, the LEP and the Mayor.

It provides assurance to those accountable that appropriate and robust arrangements are in place to manage risk. It guides those undertaking risk management activities through the application of the principles of risk management and provides a defined process to ensure that any particular piece of activity has the best chance of achieving its objectives.

It should be read in conjunction with the Corporate Plan and the Assurance Framework.

What is Risk Management

What do we mean by 'risk'?

Risk is defined as 'an uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. A risk is measured by the combination of the probability of a perceived threat or opportunity occurring and the scale of its impact on objectives'.

Why should we manage risk?

Risk management is vital to the successful delivery of the work of the MCA, the Mayor and LEP and is likely to improve performance against objectives in the following ways:

- There should be fewer sudden shocks and unwelcome surprises
- We should be able to use our resources more efficiently
- It allows us to be more innovative
- It increases the likelihood of objectives being achieved
- It provides for more focus on doing the right things properly
- It reduces time spent 'firefighting'

The importance and value of risk management is also supported by the fact that evidence of effective risk management is required by the **Accounts and Audit Regulations 2015**, and an assessment of the robustness of risk management arrangements influences the value for money (vfm) conclusion awarded through the external audit process. In addition, the **HM Treasury Orange Book** places an obligation on public bodies with responsibility for public funds to 'actively seek to recognise risks and direct responses' and, principle F of **CIPFA's Delivering Good Governance in Local Government (2016)**, outlines risk management as an important and integral part of performance management and crucial to the achievement of outcomes.

What is our approach to managing risk?

The MCA has adopted the 'Management of Risk' (MoR®) principles of risk management which are aligned to the international standard for risk management ISO31000:2009.

The principles are that risk management:

- Aligns with objectives
- Fits the context
- Engages relevant stakeholders
- Provides clear guidance
- Informs decision making
- Facilitates continual improvement
- Creates a supportive culture
- Achieves measurable value

The objective of risk management is to provide a methodical application of these principles, a defined process to the task of identifying and assessing risks, and to planning and implementing risk responses which, in turn provide a disciplined environment for proactive decision making.

A common vocabulary for risk management has been adopted. This ensures all participants speak the same language and there is no ambiguity. A glossary of the terms can be found at annex A.

How we use risk management across the organisation

Whilst the principles, approach to, and process of risk management will be broadly the same, they may be applied differently depending on the organisational perspective they are being considered from. For example, you may be concerned with risks affecting the day to day management of the

organisation, or a specific project or programme of work, or with the strategic objectives of the organisation as a whole. The table below describes these perspectives, how risks at these perspectives might be identified and provides examples.

Table 1

Perspective	Identification	Examples
Strategic - Strategic risks are those concerned with ensuring the overall success of the organisations' objectives. The materialisation of a strategic risk will be apparent externally and may affect the reputation of the organisation.	Strategic threats and opportunities will generally be identified as a by-product of the corporate or business planning cycle (*see below) and through the escalation of risks from programme, project or operational activities.	Examples inc reputation management/stakeholder perception of key policies or operational activities, political factors, pandemics, damage to key resources or core assets (fire, flood etc) financial viability etc
Programme - Programme risks are those concerned with opportunities and threats to programmes of activities that create transformational change and deliver measurable benefits.	These risks will be identified, during the start-up of the programme, through the escalation of risk from projects/schemes within a programme, by the aggregated effect of project/scheme risks on the programme or by operational units affected by the programme.	Examples inc changes in funding criteria or stakeholder priorities
Project/Scheme - Project risks are those concerned with the delivery of defined outputs within an agreed scope, quality, time and cost.	Where a scheme is funded by an investment programme, the opportunities and threats will be identified within Business Case documentation and assessed during the project assurance and appraisal process and monitored and updated throughout the delivery of the scheme. For a project that is not part of a programme (e.g. an internal piece of work or activity) risks will be identified during project initiation as well as during the delivery of the project.	Examples inc availability of resources, clarity of outcomes, change management, quality of the project infrastructure and governance, timing/slippage
Operational - Operational risks are those concerned with maintaining a level of business service that support ongoing business-as-usual activities delivered by functional teams.	Operational risks will be identified through the escalation of risk from functional teams (IT, facilities management) by service-enabling suppliers and service-receiving 'customers' and the de-escalation of strategic risks.	Examples include - strength of operational controls, quality of infrastructure, skills and resource, business continuity, legal or contractual obligations etc

Roles and responsibilities related to risk management

Risk Management sits within all areas of organisational activity. However, the MCA, supported by the MCA Executive Team Management Board, has overall accountability for risk management. The Deputy Chief Executive, who leads on continual improvement and organisational development, has specific responsibility for overseeing the effective implementation of risk management practice.

The table below sets out the different roles and responsibilities relating to risk management across the organisation.

Table 2

Role	Responsibilities
MCA	Provides strategic direction and determines overall risk appetite. Overall accountability for risk management and sets risk management policy. Ensures an appropriate risk management framework is in place. Debates and considers risk as a framework for strategic direction and decision making. De-escalates risks, where the threat level has decreased and falls within the agreed tolerance threshold, to Statutory Officer/Management Board.
Audit and Standards Committee	Provides assurance to the MCA on the effectiveness of the risk management framework. Reviews group risk profile (the types of risks faced and the exposure to them). Reviews the Strategic Risk Register. Has oversight of the risk management arrangements of South Yorkshire Passenger Transport Executive (SYPTEx) through joint membership.
LEP Board	Debates and considers risk in the economy as a framework for strategic direction and decision making.

Thematic Boards	<p>Identify and recommend mitigations for any programme risks relevant to the thematic area.</p> <p>Escalates risks exceeding agreed tolerances to MCA where appropriate.</p> <p>De-escalates risks, where the threat level has decreased and falls within the agreed tolerance threshold, the PPU.</p>
Statutory Officers and Management Board	<p>Owns and manages strategic risks.</p> <p>Ensures appropriate focus and resources are applied to risk management.</p> <p>Ensures that key strategies include appropriate risk focus.</p> <p>Fosters a supportive environment to promote an 'open' culture which encourages risk reporting.</p> <p>Encourages business-wide application of risk management.</p> <p>Has oversight of the Strategic Risk profile of subsidiary bodies (PTE) through representation on PTE Executive Board.</p> <p>Escalates risks exceeding agreed tolerances to MCA.</p> <p>De-escalates risks, where the threat level has decreased and falls within the agreed tolerance threshold, to either PPU/functional teams or relevant project board or collaboration team as appropriate</p>
Programme and Performance Unit (PPU)	<p>Implements risk management processes to ensure scheme and programme risks, are monitored, mitigated and escalated appropriately.</p> <p>Prepares monitoring reports for review by the Management Board and Thematic Boards.</p> <p>Escalates risks exceeding agreed tolerances to Thematic Boards.</p> <p>De-escalates risks, where the threat level has decreased and falls within the agreed tolerance threshold, to scheme promoters.</p>
Functional Teams (e.g. IT, Facilities Management etc)	<p>Implements risk management processes to maintain a level of business service to internal and external 'customers' and to support ongoing business-as-usual activities.</p> <p>Maintains risk registers for the management of high-risk functional areas.</p> <p>Reports on and escalates significant risks to the Management Board as appropriate.</p> <p>Escalates risks exceeding agreed tolerances to Statutory Officers/Management Board.</p>
Project Boards/Collaboration Teams	<p>Led by the Senior Risk Owner, implements risk management processes to ensure project risks, are monitored, mitigated and escalated appropriately.</p> <p>Escalates risks exceeding agreed tolerances to Statutory Officers/Management Board.</p>
Governance and Compliance Team	<p>Provides oversight across all risk management activities within the organisation.</p> <p>Reviews and updates risk management documentation to ensure they remain fit for purpose.</p> <p>Ensures a consistent approach to risk management reporting and escalation that fully meets the organisational needs and demonstrates best practice.</p>
Risk Champions	<p>Provides support and guidance on risk management processes.</p>
All Employees	<p>Comply with the risk management policy.</p> <p>Apply risk management processes within their own area of work.</p> <p>Consults appropriately to include risk management implications in any proposals requiring decision.</p>

The Process of Managing Risk

Where do I start and what do I need to do?

Understanding the appetite for taking risks in order to achieve objectives

Fundamentally risk management is about giving any activity, from the delivery of a Corporate Plan to a project to roll out a new system, the best chance of achieving its objectives. To do this, firstly you need to understand the 'risk appetite' - how much risk you are willing to take in order to achieve the objectives, how much risk you can actually bear (risk capacity) and where the tipping point (risk threshold) is.

In an organisation such as the MCA, whose activity is driven by multiple strategies and priorities, including those of the LEP and the Mayor, it is impossible to define a single risk appetite i.e. the amount of risk the organisation is prepared to accept, tolerate or be exposed to at any one time, that would suit every circumstance. Whilst there may be a general notion that the organisation overall is against taking too much risk or, is perhaps happy to gamble with the hope of bigger returns, risk appetite, should be considered on a case by case basis.

To determine the risk appetite for a particular activity a 'risk appetite and acceptance model' (fig.1) is in place. Defining the risk appetite helps decision makers have a better awareness of the level of risk being taken to achieve objectives and informs a consistent approach to risk-based decision-making at all levels.

Fig.1

	Risk Level					
	0 = Avoid We are averse to risk and want to avoid any uncertainty in this impact area	1 = Minimal We would prefer an ultra-safe option and accept the reward would be very limited	2 = Cautious We would prefer a safe option that may only have limited reward	3 = Open We are willing to consider all options for an acceptable level of reward (and vfm)	4 = Seek We are eager to be innovative and choose options that potentially offer higher rewards despite inherent risk	5 = Mature We are confident with high levels of risk because controls, forward scanning and responsiveness systems are robust
	Appetite – None	Appetite – Low	Appetite – Moderate	Appetite – High	Appetite - Significant	Appetite - Significant
Impact Area						
Financial						
Political/Economic						
Reputational						

At this point in the process it may be useful to begin to develop a 'risk management strategy' for the activity so you can document the agreed risk appetite. A risk management strategy describes the specific risk management activities that will be undertaken and will be specific to the activity concerned but, will also reflect the organisational approach to risk management. Guidance on determining whether a risk management strategy would be of use and a template to assist in its development forms part of the risk management tool kit.

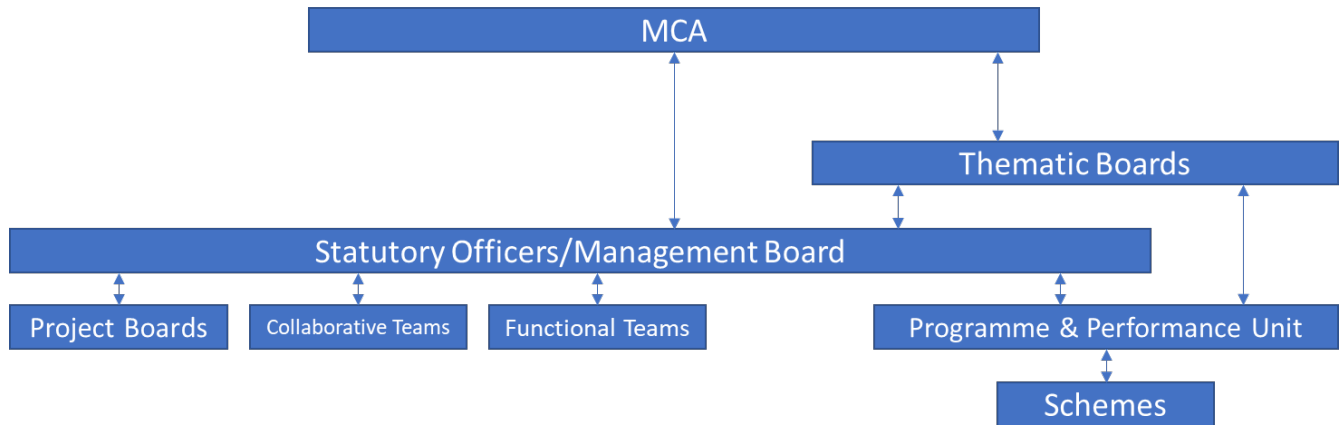
When is a risk, 'too risky'?

Understanding the risk appetite (the amount of risk you are willing and able to bear) helps understand at what point the risk becomes too much i.e. the tolerance threshold. If this threshold is reached the risk should be escalated. If the amount of risk decreases below the threshold then it can be de-escalated too.

Where do I escalate risks that can no longer be tolerated?

Escalation routes are set out in table 2 and summarised in the diagram below.

Fig 2.



Identifying and Mitigating Risks

Working out what the risks are and what to do about them

The Risk Management Process

There are four steps to the risk management process that form a logical sequence that can be repeated as often as necessary as new information becomes available.

These are:

- **Identifying** the risks
- **Assessing** the risks
- **Planning** the responses and mitigations
- **Implementing** the mitigations and monitoring their effectiveness

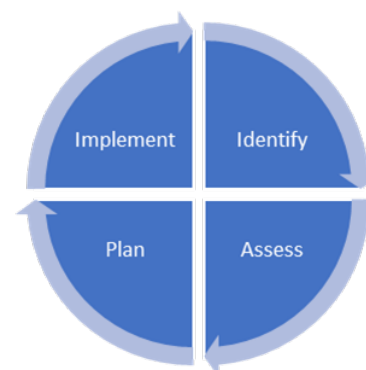


Fig 3.

Simply put, this process helps us understand what it is we are trying to achieve, what might happen that could affect it (negatively or positively), how likely those things are, the impact they may have and how we can reduce or increase the chance of them happening (depending on their effect).

Step 1 “Identifying”

First you will need to be clear about the background or context of the planned activity, including its objectives and scope, you will then need to identify the risks to the objectives of the activity with the aim of maximizing the opportunities and minimizing the threats.

Background information can be taken from such things as regulatory frameworks and contractual obligations as well as any other documentation specific to the activity. These documents also support the identification of risks along with any necessary stakeholder analysis and the review of lessons learnt documents from other similar activities.

Recording - At the end of this step a risk register should be in place. The risks recorded in the register need to be described in a way so they can be understood easily. The preferred format for risk descriptions is to create a ‘string’ that separates the **cause** from a **risk event** and its **effect**.

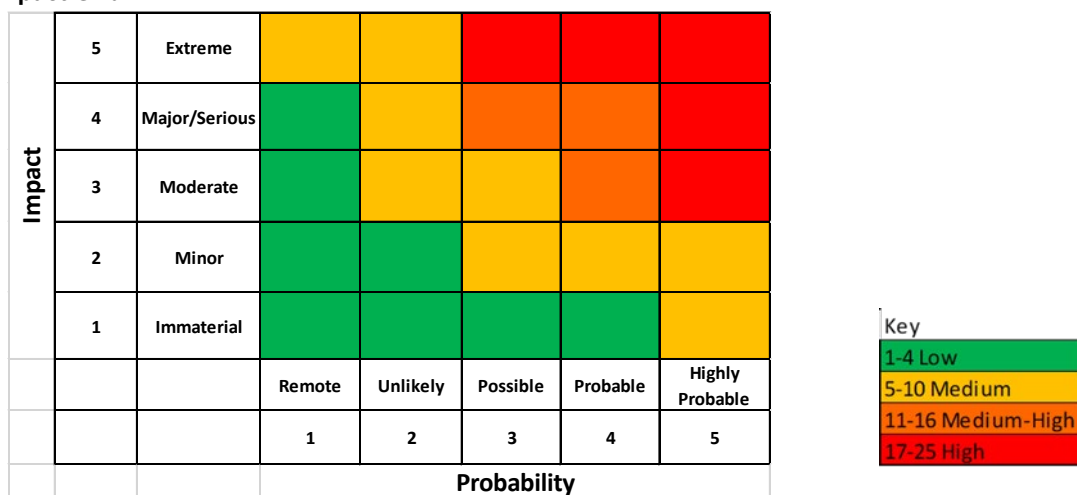
Example

Risk cause (or trigger)	Risk event	Risk effect
This describes the source of the risk i.e. the event or situation that triggers the risk.	This describes the area of uncertainty i.e. what <i>might</i> happen.	This describes the impact on the organisation or particular activity should the risk materialise.
Example Flooding	Example leads to a delay in progress of a scheme (slippage)	Example resulting in schemes outcomes not being realised in agreed timescales as well as overall programme slippage

Step 2 “Assessing”

In this step you will need to prioritise individual risks to understand which are most important and most urgent, and to understand the total effect of the risks on the organisation or activity when aggregated together (the risk exposure). To do this a probability impact assessment, using the probability impact ‘grid’ needs to be undertaken and the results recorded in the risk register along with an estimation of *when* the risk might occur.

Fig.4 Probability Impact Grid



To support the assessment of the *level* of impact a risk may have, the table below describes the different types of impact at different levels. It could be that a risk has a different level of impact in each area (or no impact at all), if this is the case an informed judgement should be made on the overall impact the risk may have.

Table 3: Levels of Impact

	Type of Impact			
	Financial	Reputational	Political	Economic
5 – Extreme	Loss that could destabilise the financial health of the MCA Executive and / or destabilise a programme of activity this is most likely a multi-year issue or take multiple years to resolve	Circumstance leading to sustained adverse publicity from a national perspective resulting in a serious impact in government, investor and stakeholder confidence with a material loss to the MCA / LEP	Political discord with the potential to result in the breakup of the MCA OR Failure in local leadership that could result in government intervention, OR High profile legal proceedings,	Shock to the economy resulting in extreme business and / or job losses and that would require additional resources (staff and financial) to mitigate beyond the capacity of the MCA / LEP and will take the economy generations to recover
4 – Major/Serious	Loss that could be detrimental to the financial health of the MCA Executive and / or detrimental to delivering a programme of activity most probably a single year issue	Circumstance leading to adverse publicity nationally resulting in a serious impact on government, investor and stakeholder confidence and a potential material loss to the MCA / LEP	Political discord which significantly affects the business / decision making processes of the MCA OR Government enquiry into operational inadequacies / Concerns or complaints raised in Parliament OR Legal proceedings	Shock to the economy resulting in significant business and / or job losses and that would require additional resources (staff and financial) to mitigate over a sustained period and which will take multiple years to recover
3 – Moderate	Loss that is significant which cannot be contained within budget but that would require a new budget to be developed and approved	Circumstance leading to short term adverse local / regional publicity with moderate impact on government, investor and stakeholder confidence. Resulting in significant embarrassment.	Failure of political processes or to reach consensus that affects the business, services or operation of the MCA and results in a breach of requirements of the constitution and / or legislative requirements	Shock to the economy resulting in business and / or job losses and that would require additional resources (staff and financial) to mitigate over multiple years
2 – Minor	Minor loss that can be contained within budget but would result in some planned spend being	Internal issue, minimal external reputational damage and no loss of stakeholder confidence	Failure of political processes or to reach a consensus that delays the business of the MCA and/or leads to	Shock to business and / or job resulting in losses and that may require additional resources (staff and

	cancelled or delayed		minor non-compliance with the constitution	financial) to support existing activity to mitigate within a short time frame
1 - Immaterial	Minor loss that can be contained within budget with no detrimental impact on other planned activity	Isolated, internal issue, reputational damage contained within the MCA / LEP	Failure of political consensus that can be managed through the constitutional processes of the MCA	Shock to businesses and / or jobs that can be mitigated and supported within existing programmes

At the end of this step the risk register should be updated to include the assessment of the probability, impact and urgency of each risk. A summary risk profile or ‘heat map’ can also be developed, if required, to help illustrate the total risk exposure to the organisation or activity in a graphical way.

Step 3 “Planning”

In this step you will need to plan specific management responses or ‘mitigations’ to identified risks in order to remove or reduce threats and maximize opportunities.

At the end of this step the Risk Register should be updated to include the risk owner, risk actionee/action owner, risk mitigation and actions.

Step 4 “Implementing”

The aim of the ‘implement’ step is to ensure that planned risk management actions are implemented, monitored as to their effectiveness, and appropriate action taken where responses do not meet expectations or have not been implemented effectively.

At the end of this step risk responses or ‘mitigations’ will be implemented (or be in the process of being implemented) and, where appropriate, other documents and information that will enable effective monitoring and review of the risk management activities taking place will be produced as appropriate.

Applying this process at different organisational perspectives

This four step process can be followed for all risk management activity, at each different risk perspective throughout the lifespan of a particular activity however, for risks concerned with the strategic perspective there is no end point therefore the identification, review and refresh of strategic risks takes place annually as part of the development or review of the Corporate Plan and annual business planning activity. Strategic risks and the progress of the actions to manage or mitigate them are monitored by the Management Board quarterly with any significant changes in the risk profile being reported to the Audit and Standards Committee. Should any significant new risks emerge during the year e.g. pandemic, mayoral or general election, or a localized incident impacting on the delivery of organisational objectives such as flooding, additional risk management activity will take place. The MCA receive a yearly report on the risk profile (the types of risks faced by the organisation and the level of exposure to them)

Similarly, at an operational level where risks that threaten the support of ongoing business activity e.g. IT services will be ongoing and therefore subject to regular review and refresh. The monitoring of risk across the organisation is set out in the next section on reporting.

Reporting

How does the organisation know what risks are being taken and why?

Regular reporting demonstrates that risks are being tracked on a regular basis and allows the organisation to respond to situations as they arise and to avoid issues before they happen.

The table below provides an overview of the risk reporting to different groups within the organisation.

Table 4: Regular Risk Reporting

MCA	Will receive a yearly report on the risk profile (the types of risks faced by the organisation and the level of exposure to them) aligned to the Business Plan and Corporate Plan Review. Will receive information relating to the risk of proposed activities as part of the decision-making process.
Audit and Standards Committee	Will receive the strategic risk register quarterly. Will receive a yearly report on the risk profile (the types of risks faced by the organisation and the level of exposure to them) in the context of the Business Plan and Corporate Plan.
LEP	Will receive a yearly report on the risk profile (the types of risks faced by the organisation and the level of exposure to them) as part of the annual implementation plan. Will receive information relating to the risk of proposed activities as part of the decision-making process.
Thematic Boards	Will receive a programme dashboard relevant to the thematic area at each meeting. Will receive information relating to the risk of proposed activities as part of the decision-making process.
Statutory Officers and Management Board	Risk Management will be considered on a monthly basis. Risks will be managed by exception, horizon scanning activity will be undertaken and potential changes that may affect overall risk exposure will be identified. Will receive information relating to the risk of proposed activities as part of the decision-making process.
Project Boards/Collaboration Teams	Will receive the project risk register at each formal meeting, risk will be managed by exception.

Supporting, developing and assuring risk management

The Governance Team, along with a number of Risk Champions, who are certified practitioners of the 'Management of Risk (MoR®)' provide guidance and support with the application of risk management.

The following templates are available to support the application of risk management processes:

- Risk Management Strategy template
- Standard Risk Register template
- Strategic Risk Management Action Plan template

The annual budgeting and business planning cycle identifies any budget and additional resource required to support risk management activity in the forthcoming year.

A number of activities have been identified to improve risk management practice:

- Development of an induction module on risk management for new starters
- Staff development module on risk management
- Dedicated area on the intranet where tools and guidance will be available
- Inclusion of risk management on meeting agendas
- Regular updates on key risks through internal communication (staff briefings etc)
- Embedding the risk management process into organisational activity (piloting with Collaboration Teams) and decision making

This policy and process are subject to annual review. Following the review, the risk improvement plan above will be refreshed in order to further strengthen risk management practice.

Risk Management will be included in the internal audit plan annually to ensure an independent, objective view on the effectiveness of the application of risk management.

Glossary (alphabetical)

NB – not all of these terms appear in this document but may be referenced in other documentation/templates that support risk management process activity.

Accept

A risk response that mean that the organisations takes the chance that the risk will occur, with full impact on objectives if it does.

Activity

This could be a scheme, project or programme.

Audit and Standards Committee

A statutory committee responsible for monitoring the integrity of the financial statement of the company; the effectiveness of the internal audit function; the external auditor's independence and objectivity and the effectiveness of the audit process; the effectiveness of risk management arrangements.

Avoid

As risk response that seeks to eliminate a threat by making a situation certain.

Collaborative Group

Cross organisational collaborative working for a defined number of policy or programme development areas.

Corporate Governance

The ongoing activity of maintaining a system of internal control by which an organisation can ensure that effective management systems, including financial monitoring and control systems, have been put into place to protect assets and the reputation of the organisation.

De-escalation

A risk can be de-escalated should it become manageable within tolerance thresholds.

Early Warning Indicator

Abbreviated to EWI. A leading indicator for an organisational objective measured ultimately by a key performance indicator (KPI)

Enhance

A risk response for an opportunity that seeks to increase the probability and/or impact to make it more certain.

Escalation

A risk should be escalated where a higher level of consideration is required should a risk exceed the tolerance threshold.

Exploit

A risk response for an opportunity that seeks to make the uncertain situation certain.

Impact

Impact is a result of a particular threat, or opportunity, actually occurring.

Inherent risk

The exposure arising from a specific risk before any action has been taken to manage it.

Issue

A relevant event that has happened, was not planned and required management action. It could be a problem, benefit, query or concern, change request or risk that has occurred or has materialised.

Issue actionee/Issue action owner

A role or individual responsible for the management and control of all aspects of individual issues, including the implementation of the measure taken in respect of each issue.

Key Performance Indicator

Abbreviated to KPI. A measure of performance that is used to help an organisation define and evaluate how successful it is in making progress towards its organisational objectives.

Management of risk

Systematic application of policies, procedures, methods and practices to the task of identifying and assessing risks, and then planning and implementing risk responses. This provides a disciplined environment for proactive decision making.

Objective

Something to be achieved.

Operational or functional risks

Risks that occur in operational or functional areas of the organisation and may have an impact on the achievement of organisational objectives. These may occur due to system failures, inadequate procedures or controls or human error.

Opportunity

An uncertain event that would have a favourable impact on objectives or benefits if it occurred.

Outcome

The result of change. Outcomes are achieved as a result of the activities undertaken to effect the change.

Output

The tangible product of a planned activity.

Probability

This is the evaluated likelihood of a particular threat or opportunity actually happening, including a consideration of the frequency of with which this may arise.

Programme

An organisational structure created to co-ordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to the organisations' strategic objectives.

Programme risk

Risk concerned with the successful delivery of a programme of work.

Project (also see scheme)

A series of tasks to be completed to reach a specific goal or set of objectives outcomes.

Project risk (also see scheme risk)

Project risks are those concerned with the successful completion of the project. Where a project forms part of the delivery of a programme, these are often referred to as 'scheme' risks.

Proximity (urgency)

The time factor of a risk i.e. the occurrence of risks will be due at particular times, and the severity of their impact may vary depending on when they occur.

Reduce

A risk response for a threat that seeks to reduce probability and/or impact.

Residual risk

The risk remaining after the risk response has been successfully applied.

Risk

An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. A risk is measured by a combination of the probability of a perceived threat or opportunity occurring and the magnitude of its impact on objectives.

Risk actionee/Risk action owner

Some actions may not be in the remit of the risk owner to control explicitly; in that situation there should be nominated owner of the action to address the risk. He or she will need to keep the risk owner apprised of the situation.

Risk appetite

The amount of risk the organisation or activity is willing to accept.

Risk capacity

The maximum amount of risk that an organisation or activity can bear, linked to factors such as financial and reputation.

Risk cause (or trigger)

A description of the source of the risk i.e. of the event or situation that gives risk to the risk.

Risk effect

A description of the impact that the risk would have on the organisation or activity should the risk materialise.

Risk estimation

The estimation of probability and impact of an individual risk.

Risk evaluation

The process of understanding the net effect of the identified risks when aggregated together.

Risk event

A description of the area of uncertainty in terms of the threat or opportunity.

Risk exposure

The extent of risk borne by the organisation or activity at a particular time.

Risk identification

Determination of what could pose a risk; a process to describe and list sources of risk.

Risk log

See risk register.

Risk management

Systematic application of policies, procedures, methods and practices to the task of identifying and assessing risks, and then planning and implementing risk responses.

Risk management policy

A high-level statement showing how risk management will be handled throughout the organisation. This can be combined into one document with the risk management process if appropriate.

Risk management process guide

Describes the series of steps and their associated activities, necessary to implement risk management. This can be combined into one document with the risk management policy if appropriate.

Risk management strategy

Describes the goals of applying risk management to a particular activity, the process that will be adopted, the roles and responsibilities, risk thresholds, the timing of risk management intervention, the deliverables, tools and techniques that may be used, the reporting requirements.

Risk manager

A role or individual responsible for the implementation of risk management for particular activities.

Risk owner

A role or individual responsible for the management and control of all aspects of individual risk, including the implementation of the risk responses and mitigations.

Risk profile

Describes the types of risks faced by the organisation or activity and the level of exposure.

Risk register

A record of all identified risks relating to an activity including their status and history.

Risk response

Action that may be taken to bring the situation to a level where the exposure to risk is acceptable.

Risk tolerance

The threshold levels of risk exposure that, with appropriate approvals, can be exceeded, but when exceeded will trigger a response i.e. escalation.

Risk tolerance line

A line drawn on the summary risk profile. Risks above this line cannot be accepted without escalation.

Scheme or project

Where a project forms part of the delivery of a programme, these are often referred to as 'scheme' risks.

Scheme risk

A scheme is a project within a funded programme. Scheme risks are those concerned with the successful completion of the scheme.

Senior responsible owner

The single individual with overall responsibility for ensuring that an activity meets its objectives and delivers its outcomes.

Stakeholder

Any individual or group (internal or external) that can be affected by, or perceive itself to be affected by, an activity.

Statement of internal control

A narrative statement by the organisation confirming there is an ongoing process for the identification and management of significant risks.

Strategic risk

Risk concerned with the achievement of the strategic objectives of the organisation.

Summary risk profile

A simple mechanism to increase the visibility of risks. It is a graphical representation of information normally found on a risk register.

Threat

An uncertain event that could have a negative impact on objectives.

Transfer

A risk response whereby a third party takes on responsibility for an aspect of a risk.

Urgency (proximity)

The time factor of a risk i.e. the occurrence of risks will be due at particular times, and the severity of their impact may vary depending on when they occur.

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16th November 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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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
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 S73 Officer 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 S73 Officer 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 S73 Officer to extend loan repayment term	Active
060b	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
106	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
107	MCA	1st June 2020	Treasury Management Strategy 2020/21 - to provide a financial guarantee in favour of the SCR Financial Interventions Holding Company.	Provide a financial guarantee in favour of the SCR Financial Interventions Holding Company.	Group Director of Finance in consultation with Chief Executive	N/a	In progress	Active
109	MCA	1st June 2020	LGF Investment Approval - Approves a project change request from the DN7 Unity project to re-profile £751,800 of expenditure from 2019/20 into 2020/21, to agree an extension to works completion from August 2020 to December 2020 and re-profile of outputs and outcomes in accordance with the revised timescales	Enter into legal agreements	Head of Paid of Service, in consultation with the Section 73 Officer and Monitoring Officer	re-profile £751,800	In progress	Active
110	MCA	1st June 2020	LGF Investment Approval - Approves a project change request from the Digital Media Centre 2 to re-profile £106,596 of expenditure from 2019/20 into 2020/21, to agree an extension to works completion from March 2020 to June 2020 and a re-profile of outputs and outcomes in accordance with the revised timescales	Enter into legal agreements	Head of Paid of Service, in consultation with the Section 73 Officer and Monitoring Officer	re-profile £106,596	In progress	Active
111	MCA	1st June 2020	LGF Investment Approval - Approves a project change request from the Strategic Testing Tools project to re-profile £190,196 of expenditure from 2019/20 into 2020/21.	Enter into legal agreements	Head of Paid of Service, in consultation with the Section 73 Officer and Monitoring Officer	re-profile £190,196	In progress	Active

UI	Decision Maker	Date of delegation	Decision	Delegation	Delegated to	Financial value	Update	Status
112	MCA	1st June 2020	LGF Investment Approval - Approves a project change request from M1 J36 Phase 1 Hoyland to re-profile £2,621,858 of expenditure from 2019/20 into 2020/21, agree a reduction in the total grant value of £610,009 and a revision of outputs and outcomes in accordance with the revised reprofile	Enter into legal agreements	Head of Paid of Service, in consultation with the Section 73 Officer and Monitoring Officer	re-profile £2,621,858, reduction in the total grant value of £610,009	In progress	Active
114	MCA	1st June 2020	LGF Investment Approval - Approves a project change request for the Doncaster Sheffield Airport Car Park Extension Loan to extend the works completion date from April 2020 to January 2021.	Enter into legal agreements	Head of Paid of Service, in consultation with the Section 73 Officer and Monitoring Officer	n/a	In progress	Active
115	MCA	1st June 2020	SCR Assurance Framework	Approve final changes required by Government and sign-off the SCR Assurance Framework	SCR Chief Executive in consultation with the Mayor	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
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
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
105i	Skills & Employment Board	2nd March 2020	LGF Investment Approval - progression of the Doncaster UTC project to full approval subject to the conditions set out in the Appraisal Panel Summary Table.	Enter into the contractual arrangements	Head of Paid Service, in conjunction with the S73 and the Monitoring Officer	£0.15m grant	In progress	Active

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