

**SCR INFRASTRUCTURE EXECUTIVE BOARD**

**18<sup>th</sup> NOVEMBER 2016**

**BROAD STREET WEST, SHEFFIELD**

<b>No.</b>	<b>Item</b>	<b>Action</b>
1	<p><b><u>Welcome and Apologies</u></b></p> <p>Present:</p> <p><u>Board Members</u> Neil Taylor, BaDC - CHAIR</p> <p><u>Also in Attendance</u> Cllr Glyn Jones, DMBC Matthew Southgate, CBC Ed Highfield, SCC Matt Gladstone, BMBC Julian Cosgrove, BoDC / NEDDC Neil Firth, DMBC Mark Lynam, SCR Exec Team Katie Jackson, SCR Exec Team Joanne Neville, SCR Exec Team Veena Prajapati, SCR Exec Team Paul Woodcock, RMBC Ben Morley, SCC Craig Tyler, Joint Authorities Governance Unit</p> <p>Apologies were received from Board Members: Mayor Jones (DMBC), Cllr John Burrows (CBC), Chris Scholey (Doncaster Bassetlaw NHS Foundation Trust / LEP), Martin McKervey (Nabarro) and John Mothersole (SCC) + Alison Westray-Chapman (BoDC / NEDDC), Peter Dale (DMBC) and Rob Pearson (HCA)</p>	
	<p><b><u>Chair's Announcement</u></b></p> <p>The Chair informed the Board the meeting was not officially quorate. However, the Board members have agreed the meeting should be progressed in an advisory capacity only, with Board members endorsement of any draft recommendations to be sought after the meeting.</p>	

	It was confirmed the CA would be made aware of these arrangements should it be determined that any further due diligence of the Board's recommendations is required.	
2	<p><b><u>Minutes of the Previous Meeting</u></b></p> <p>Clarity was requested whether the additional information regarding the Strategic Testing Tools was included in the CA report as previously directed (i.e. the consultancy recruitment process undertaken, whether there are any additional maintenance costs to be factored in and whether the districts will be able to use the model for local modelling exercises).</p> <p><b>Action: Mark to confirm</b></p> <p><b>RESOLVED, that the minutes of the IEB meeting held on 7<sup>th</sup> October are agreed to be an accurate record.</b></p>	ML
3	<p><b><u>Declarations of Interest</u></b></p> <p>No declarations noted</p>	
4	<p><b><u>Urgent Items / Announcements</u></b></p> <p>None requested.</p>	
5	<p><b><u>SCRIF Performance Q2 Dashboard</u></b></p> <p>A report was received requesting the Board's consideration of the SCRIF Programme at the end of Q2 and to note the commentary relating to the red project flags</p> <p>The Board was advised that the dashboard demonstrates a further gap of £7.53m between the LGF funding allocations for 16/17 and spend in 16/17, creating £27.51m of slippage into the 17/18 spend profile and putting this value of funds at risk within the 16/17 spend profile. This gap has increased since the Q1 returns when the slippage was £21.13m.</p> <p>It was noted that to help better understand this situation, the CA (24<sup>th</sup> October) requested that a full review of the current Infrastructure Programme be carried out to ensure deliverability of the programme. The findings of which will be presented in due course.</p> <p>The Board was presented with a number of change requests pertaining to:</p> <ul style="list-style-type: none"> <li>• Barnsley MBC – M1 Junction 36 Phase 1 – Revised spend profile to reflect contractor programme and anticipated expenditure. This does not impact on the</li> </ul>	

spend profile within the 16/17 year but does slip £194,564 from the 17/18 year into 18/19.

- Doncaster Urban Centre – Enterprise Market Place/ Waterfront – The existing SCRIF allocation for this scheme is £2m. DMBC has submitted a change request to move £2.67m from their Waterfront allocation (currently £8.3m allocation to reduce to £5.63m) into their Markets allocation to provide a £4.67m of funding for the Markets project. The notional allocations for these schemes was provided as part of an overarching outline business case submitted for all of Doncaster’s Urban Centre schemes. Now that the Markets scheme is fully costed there is further detail available about the known viability gap. In addition, there is now evidence to suggest that the Waterfront scheme remains deliverable with less SCRIF money due to greater developer appetite and the ability to deliver the same outputs and outcomes. These changes have created a knock on effect on the in-year spend profile as 16/17 spend will be reduced by £2.1m, 17/18 increased by £2.5m, 18/19 reduced by £1.9m and 19/20 increased by £1.49m.
- Harworth Bircotes – The SCRIF allocation for this scheme is £945,000. BDC have split this project into two phases, with a FBC presented for the first phase for £0.455m. The spend profile delivers £225,000 spend in 16/17 with the balance of funding (phase 1 and 2) being delivered in 17/18. A FBC for phase 2 is expected in March 2017. This equates to a move of £225,000 from 16/17 to 17/18.

These change requests were endorsed by the Board. It was noted the Doncaster Urban Centre change request is effectively a geographic re-profiling of elements of the scheme and does not represent the transfer of funding between different schemes.

Consideration was given to what level of detail the Board would like to see included in future update reports. It was agreed this level of detail should be maintained but presented as a separate document to the main agenda pack to avoid printing if not required.

**Action: Craig to facilitate**

Clarity was requested why the Superfast Broadband project is categorised ‘red’. It was suggested this may be an automatic trigger generated by spend being behind profile.

**CT**

	<p><b>Action: Joanne to ascertain and inform Matt</b></p> <p><b>RESOLVED, that the Board:</b></p> <ol style="list-style-type: none"> <li><b>1. Notes the position of the SCRIF Programme at the end of Q2 and note the commentary relating to the red project flags</b></li> <li><b>2. Endorses the recommendation to the CA of the change requests to the spend allocations and profile presented</b></li> <li><b>3. Note the approach to the full review of the current infrastructure programme.</b></li> </ol>	<p><b>JN</b></p>
<p><b>6</b></p>	<p><b><u>Doncaster Urban Centre – Markets</u></b></p> <p>A report was received requesting the Board’s consideration of a recommendation to progress the scheme business case to Full Approval and endorse the entering into a funding agreement for Doncaster Urban Centre: Enterprise Market Place Phase 1 at a cost of £3.189m.</p> <p>It was confirmed that in line with the Sheffield City Region Single Assurance Framework this project has been through a process of technical Appraisal, utilising external support, and consideration by a Panel of Officers representing the SCR Statutory Officers. The outcomes of this process are the recommendations presented for endorsement of the Infrastructure Executive board prior to seeking approval from the CA.</p> <p>The Board was asked to note the particularly high GVA and BCR scores for this scheme.</p> <p>It was noted that approval is recommended on the basis that the applicant will satisfactorily meet the following requirements prior to the completion of a funding agreement:</p> <ol style="list-style-type: none"> <li>1. A systematic explanation of the State Aid dynamic of the Enterprise Market Place project is required and a submission to say how the State Aid provisions have been complied with or whether there is a State Aid exemption being utilised.</li> <li>2. Confirmation of DMBC’s match funding and/or information on the approval process</li> </ol> <p>It was also noted the following conditions are recommended as part of the funding agreement and prior to any draw–down of SCRIF funding:</p>	

	<ol style="list-style-type: none"> <li>1. Completion of the Doncaster Markets 2025 Strategy to include an outline business plan (incl. financial forecasts and marketing strategy) for the reconfigured/refurbished markets;</li> <li>2. Provide a detailed programme plan with inter-dependencies and supported by a project plan for the relocation of market traders;</li> <li>3. Provide further detailed cost estimates for the works to the Corn Exchange, Outer Market and public realm/access improvements;</li> <li>4. Provide confirmation that DMBC will cover any cost over-runs incurred in the delivery of the project; and</li> <li>5. Provision of a full risk register addressing risks associated with design, cost planning, market take-up etc.</li> </ol> <p><b>RESOLVED, that the Board:</b></p> <ol style="list-style-type: none"> <li>1. <b>Endorses progression of Doncaster Urban Centre: Enterprise Market Place Phase 1 to Full Approval and Award of Contract at a cost £3.189m to SCR CA subject to the above conditions.</b></li> <li>2. <b>Notes that endorsement of this recommendation is subject to consideration and approval by the SCR CA.</b></li> <li>3. <b>Notes that DMBC propose that an element of this cost be met from a virement of funding (within the urban centre project) allocated to the Doncaster Waterfront scheme that is yet to commence; and that the funding for the Waterfront project will be replaced from additional develop contributions or its own capital programme.</b></li> </ol>	
7	<p><b><u>Bassetlaw – Harworth and Bircotes</u></b></p> <p>A report was received requesting the Board’s consideration of a recommendation to progress the scheme business case to Full Approval and endorse the entering into a funding agreements for Harworth Bircotes Step Change Programme: Road Improvements Phase 1 at a cost of £0.455m.</p> <p>It was confirmed that in line with the Sheffield City Region Single Assurance Framework this project has been through a process of technical Appraisal, utilising external support, and consideration by a Panel of Officers representing the SCR Statutory Officers. The outcomes of this process are the recommendations presented for endorsement of the Infrastructure Executive board prior to seeking approval from the CA.</p>	

	<p>It was noted that approval is recommended on the basis of the following conditions:</p> <ol style="list-style-type: none"> <li>1. To provide SCR with market intelligence updates regarding developer interest in the key development sites.</li> <li>2. That a monitoring and evaluation plan is put in place to ensure achieving delivery at the proposed growth locations.</li> </ol> <p><b>RESOLVED, that the Board</b></p> <ol style="list-style-type: none"> <li>1. <b>Approves the progression of Harworth Bircotes Step Change Programme: Road Improvements Phase 1 to Full Approval and Award of Contract at a cost £0.455m to SCR CA subject to the above conditions and noting this recommendation is subject to consideration and approval by the SCR CA</b></li> </ol>	
8.1	<p><b><u>JESSICA – Investment Parameters</u></b></p> <p>A report was received proposing the investment criteria for the £15m of 2016/17 LGF capital advanced to the JESSICA investment fund (as approved at the last CA meeting), provided as a repayable loan.</p> <p>Consideration was given to whether the investment eligibility criteria are too restrictive; noting the other funding held within JESSICA is not subject to some of the stipulations.</p> <p>It was acknowledged that there are a number of conditions of usage have to be adhered to and managed in respect of JESSICA’s various funding sources. It was suggested this context should be referenced in future reports.</p> <p>It was requested that clarity be provided in future reports to outline which sectors are encompassed by the phrase ‘investment in line with funding objectives’.</p> <p>The group acknowledged that whilst the LGF advance is specifically to be invested on a loan-only basis, it is grants that potential developers are actually looking for to help address the development viability gap. It was agreed to consider what can be done via JESSICA to bridge the viability gap in more detail at the next meeting.</p> <p><b>RESOLVED, that the Board:</b></p> <ol style="list-style-type: none"> <li>1. <b>Endorses the investment parameters to be used by JESSICA fund managers for the onward investment of the CA’s loans to the Fund.</b></li> </ol>	
8.2	<b><u>JESSICA Update</u></b>	

	<p>A presentation was provided on the JESSICA fund's background, achievements to date and future potential.</p> <p>It was noted the JESSICA fund was established in 2012 as a limited partnership to support commercial development in South Yorkshire. A robust structure is in place to ensure the fund is governed effectively and it is managed by CBRE who identify potential funding recipients, undertake due diligence and make recommendations to the JESSICA Board. It was confirmed no investments are made without the approval of the JESSICA Board.</p> <p>It was noted that £25m has been invested to date, of which £4m has been paid back. £26m of private sector match has also been attracted.</p> <p>It was noted that 'paid back' investments are then recyclable with fewer investment prerequisites.</p> <p>Examples of initiatives funded by JESSICA were provided. It was noted the pipeline for new schemes remains open and there is a convincing argument for further funding to be invested via JESSICA.</p> <p>It was suggested the main 'call to action' is to ensure all scheme developers are speaking to CBRE.</p> <p>It was suggested there may also be merit in considering whether a mechanism should be developed for providing smaller (less than £1m) investments if evidence for the benefits of such a programme can be established.</p>	
<p><b>9</b></p>	<p><b><u>Outcome of the SCRIP Launch at MIPIM UK and Next Steps</u></b></p> <p>A report was received to provide an update on the launch of the Sheffield City Region Integrated Infrastructure Plan (SCR IIP) at MIPIM UK in October 2016 and recent local launch.</p> <p>It was reported the SCR IIP was welcomed by prospective investors and developers who generally found it to be an attractive proposition. Key questions were raised by delegates and this feedback (+ lessons learnt from SCRIF to date) will inform the work to be undertaken by the SCR Executive Team to support the next stage of the plan's development ahead of presentations to other international events such as MIPIM France in March 2017.</p> <p>It was noted that consideration still need to be given to issues such as the funding mechanism and commissioning framework</p>	

/ process to enable prospective investors to support the development of schemes as part of the SCR IIP and a presentation was therefore provided in relation to the suggested 'next steps' required to work the SCR IIP up into what need to be genuinely investable propositions. It was suggested these will be based around the 8 existing strategic network infrastructure themes, focussing on the SCR's 'big ticket' opportunities.

It was noted work will also be undertaken to establish who is leading on each theme, acknowledging the SCR Exec Team's finite resources. It was noted that other regions have substantially bigger resources in place to develop their investible schemes.

The Board was introduced to the proposed 'commissioning plus' model for getting schemes to fruition, whereby schemes will still be subject to the rigours of commissioning and the Assurance Framework, but will be worked up in a more collaboratively and less competitive manner to ensure schemes are in the best possible shape ahead of presentation to the Appraisal Panel.

It was noted that a more detailed paper on the commissioning plus model and further details of each investible proposition will go to the January IEB meeting (to be taken through a preceding Infrastructure Delivery Group meeting in December).

It was suggested that external support will be needed to ensure our 'investible propositions' are presented in a viable, polished manner that the commercial development world will expect.

**RESOLVED, that the Board:**

- 1. Notes the feedback from prospective investors and developers following the 'soft' launch of the Integrated Infrastructure Plan at MIPIM UK.**
- 2. Endorses the development approaches for the plan as detailed in the report and presentation.**
- 3. Notes the recommendation for the Board to work with the SCR Executive Team and other partners to actively support and shape the detailed next stage of the SCR IIP's development, including issues such as the funding mechanism and commissioning (plus) framework for the development of schemes as part of the plan.**



	<p>A report was presented to note that the CA approved the progression of 11 projects from the early commissioning call (subject to appropriate assurance) with the focus of delivering £35,150,500 spend in 16/17 from the existing LGF SCRIF16/17 allocation. It was noted two further funds, a Housing Fund and a Property Fund, were approved up to a value of £20,000,000, the precise amount to be confirmed as the funds are developed. These projects create potential spend of £55,150,500 in 16/17. This should mitigate any further issues regarding spend slippage for 16/17.</p> <p>It was noted that a subsequent suggestion that the DSA Cargo Development scheme might be best progressed via the BIF, due to State Aid restrictions, is being explored.</p> <p>It was noted that all schemes need prior sign off from districts' respective s151 officers prior to approval.</p> <p>It was noted that the full early commission business cases will be presented to the January IEB meeting.</p> <p>It was noted that a number of housing schemes failed to make the prioritised list. It was confirmed these may be resubmitted for consideration for funding from the Housing Investment Fund.</p>	
11	<p><b><u>Forward Plan</u></b></p> <p>The Board was asked to consider the restructuring of future agendas to afford more quality time in consideration of fewer, more significant matters.</p> <p>It was noted that a dashboard performance report will also be presented to each meeting to provide more general update information, and from which matters requiring the Board's attention may be identified and addressed by exception.</p> <p>This approach was supported by the Board.</p> <p>It was suggested periodic updates from the Inward Investment Team should also be factored in to provide the information regarding any investment shortfalls the Board may be placed to help address.</p>	
12	<p><b><u>Any Other Business</u></b></p> <p>No further matters noted.</p>	
13	<p><b><u>Date of the Next Meeting</u></b></p>	

	13 <sup>th</sup> January – Broad Street West, Sheffield, 10.00am	
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