

SCR INFRASTRUCTURE EXECUTIVE BOARD

16th JANUARY 2017

BROAD STREET WEST, SHEFFIELD

No.	Item	Action
1	<p><u>Welcome and Apologies</u></p> <p>Present:</p> <p><u>Board Members</u> Mayor Ros Jones - CHAIR Martin McKervey, LEP / Nabarro</p> <p><u>Also in Attendance</u> Matthew Southgate, CBC Ed Highfield, SCC Matt Gladstone, BMBC Natalie Ward, BMBC Neil Firth, DMBC Joanne Neville, SCR Exec Team Veena Prajapati, SCR Exec Team Mel Dei Rossi, SCR Exec Team Andy Gates, SCR Exec Team (for items 10 and 11) Gareth Sutton, SCR Exec Team / SCC Paul Woodcock, RMBC Ben Morley, SCC Craig Tyler, Joint Authorities Governance Unit</p> <p>Apologies were received from Board Members: Neil Taylor (BaDC), Cllr John Burrows (CBC), Chris Scholey (Doncaster Bassetlaw NHS Foundation Trust / LEP) and John Mothersole (SCC) + Alison Westray-Chapman (BoDC / NEDDC), Peter Dale (DMBC), Rob Pearson (HCA) Mark Lynam (SCR Exec Team), Katie Jackson (SCR Exec Team) and Paul Wilson (DDDC)</p>	
2	<p><u>Minutes of the Previous Meeting</u></p> <p>The minutes of the previous meeting were agreed to be an accurate record.</p>	

	<p>It was noted that a report to the previous meeting incorrectly recorded the Superfast Broadband South Yorkshire project as rated 'red'. It was confirmed the report should have indicated the project's rating is 'green'.</p> <p>Regarding the Board's questions in respect of strategic testing tool matters; it was confirmed that districts will have the facility to use the model for localised modelling runs. The additional cost of any model run will be determined on a case by case basis. It was noted this will be significantly cheaper than devising a wholly new or separate model for such tasks.</p> <p>Action: Mel to circulate a technical note regarding how it is envisaged that scheme specific testing will be implemented.</p> <p>RESOLVED, that the minutes of the IEB meeting held on 18th November are agreed to be an accurate record.</p>	MDR
3	<p><u>Declarations of Interest</u></p> <p>As leader of the sponsoring Authority Mayor Jones declared interests in respect of the Doncaster schemes to be discussed at items 5 and 6. For consideration of these items the Chair was taken by Martin McKervey.</p>	
4	<p><u>Urgent Items / Announcements</u></p> <p>None requested.</p>	
5	<p><u>SCRIF Programme Review</u></p> <p>A report was received to update the Board with the headlines from the SCRIF programme review, undertaken in November / December 2016 following the identification of significant spending slippage and the CA's tasking of the IEB to lead a review of the current SCRIF Infrastructure Programme.</p> <p>The Board was reminded that to help mitigate the risk of underspend in 2016/17 the 'early commission call' for projects was announced and there are currently 12 projects progressing through the assurance process as part of this early commission with a potential value of £46.6m.</p> <p>The Board was also advised there were 24 change requests submitted as part of review, predominantly seeking approval to slip funds into future years (presented at Appendix 1 of the report).</p>	

The Board was presented with the Review's findings for why the slippage may have occurred and what actions will be taken to mitigate future underspending.

It was noted that if approved, the early commission projects will effectively displace funds for existing projects which failed to deliver in the 2016/17 programme, meaning that savings will need to be made or additional funding secured to deliver the entire programme of works.

A key component of the proposed underspend recovery process will be the continued progression of all current projects in development as part of a 'broader pipeline' of projects to enable the flexibilities afforded by over-programming. As such no projects are flagged for de-commitment.

Concerns were raised that the early commissioning work while addressing the risk of loss of funds in 16/17 may be creating further funding issues for schemes in the longer term as 'expected' funding may no longer be available in the year that slipped projects may be ready to deliver. This also impacts the ability of other project pipelines, such as BIF and Skills capital to commission schemes as planned.

The Board asked for a risk analysis (RAG rating) of the individual schemes in the SCRIF programme to identify project specific issues. These projects may then be invited to provide further details to explain the current risks.

Action: MDR to include in the Q3 performance report to be brought to a future meeting of IEB. This report to make clear the link of projects to the original 15 SCRIF projects.

It was suggested the government's inflexible rules on in-year spend are making the process of spending this year's allocation additionally challenging and leading to tensions between 'the need to spend' and 'the strategic desire to spend on the right schemes'.

It was acknowledged that SCRIF is not the only SCR programme which has underspend this year but there is a strong pipeline for other areas which may be impacted by the slippage of SCRIF projects.

The Board asked the SCR Executive team to consider the convening of a group of officers including representation of the Directors of Finance to provide guidance and

MDR

	<p>oversight to the processes of allocating committed project funding to the over programmed pipeline.</p> <p>Action: MDR / GS to progress and report back to the Board</p> <p>Action: MDR to ensure the wording in the onward reports to the CA are clear that projects are not being deallocated from the Programme.</p> <p>It was noted the Exec Team have taken on board lessons learnt from the review and plan to engage further with scheme promoters going forward particularly at the early stages of project development of current SCRIF and IIP packages / projects to ensure delivery ambitions are realistic and address the specific challenges the City Region Commissioning models seek to resolve. This is hoped to reduce the degree of competition to secure funds and improve delivery and performance. Scheme promoters are asked to be 'brutally honest' in explaining their schemes' delivery and performance to improve the oversight of the programme.</p> <p>This approach is further highlighted in the IIP paper.</p> <p>Questions were raised regarding whether the expeditious reallocation of funds between schemes of a similar geography might be beneficial. However, it was affirmed that in the interests of consistency there is no automatic ability to vire money between related schemes.</p> <p>RESOLVED, that the Board</p> <ol style="list-style-type: none"> 1. Notes the contents of the report and endorses the recommended revisions to the SCRIF Infrastructure Programme 2. Endorses the change requests presented in Appendix A. 2. Commissions a group of officers including representation of the Directors of Finance to provide guidance and oversight to the processes of allocating committed project funding to the over programmed pipeline. 	<p>MDR / GS</p> <p>MDR</p>
<p>6</p>	<p><u>Early Commissioning Recommendations</u></p>	

- 1. Endorses progression of SCR Property Fund to Full Approval and Award of Contract at a cost £10m to SCR CA subject to the conditions set out in the Appraisal Panel Summary Table, attached at Appendix 1 to the report, noting that endorsement of this recommendation is subject to consideration and approval by the SCR CA.**
- 2. Endorses progression of Sheffield Central Retail and Business District: Enabling works phase 2 to Full Approval and Award of Contract at a cost £3.514m to SCR CA, subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix 2 to the report, noting that endorsement of this recommendation is subject to consideration and approval by the SCR CA.**
- 3. Endorses progression of St Sepulchre Gate West Phases 1 and 2 to Full Approval and Award of Contract at a cost £7.5m to SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix 3, noting that endorsement of this recommendation is subject to consideration and approval by the SCR CA. The Board accepted seeking permission to use the written procedures process for early CA approval.**
- 4. Endorses progression of Better Barnsley Town Centre Retail and Leisure Development to Full Approval and Award of Bridging Finance Facility at a cost £2.14m to SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix 4 to the report, noting that endorsement of this recommendation is subject to consideration and approval by the SCR CA.**
- 5. Notes the recommended progression of the following Full Business cases to Full Approval and Award of Contract/ bridging finance facility, subject to the early CA approval by written procedures**
 - J36 Strategic Site Acquisition to Full Approval and Award of Contract at a cost £1.309m (£1.2m grant with contingent repayment/ £0.109m grant) to SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix 5**
 - A618 Growth Corridor to Full Approval and Award of Contract at a cost £0.759m to SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix 6.**

	<ul style="list-style-type: none"> • Retford Employment Sites Phase 2 to Full Approval and Award of Contract at a cost £0.725m SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix 7 • AMRC Lightweighting Centre to Full Approval and Award of Contract at a cost of £10m to SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix 8. • That delegated authority to the Head of Paid Service, in conjunction with the Chair of the CA, to agree future investment / reinvestment opportunities in the AMP and to enter into contractual agreements required as a result of the above • Endorses the Forge Island project to Full Approval and Award of Bridging Finance Facility at a cost £1.5m to SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix 9. <p>6. Notes that in endorsing the progression of the above schemes as well as those that have requested early CA approval via written procedures, the Board has endorsed the use of £28.43m of the forecast £39.29m underspend for 16/17 and endorses the spend of £9.01m from the current programme.</p> <p>7. Endorses the progression of Doncaster Urban Centre: Enterprise Marketplace to Full Approval and Award of Contract at a cost of £3.189m to SCR CA subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix 10. Noting that endorsement of this recommendation is subject to consideration and approval by the SCR CA.</p> <p>8. The Board agreed to support the acceleration of the approval process for the Housing Investment Fund and AMP purchase schemes if these schemes complete the assurance / due diligence process ahead of the next formal IEB / CA meeting cycle.</p>	
7	<p><u>South Yorkshire Broadband</u></p> <p>A report was received to provide the Board with an update for the Superfast South Yorkshire programme and to outline plans for a further Open Market Review and procurement to reduce the currently excluded City boundary and to further extend fibre broadband coverage deeper across South Yorkshire.</p> <p>RESOLVED, that the Board:</p>	

	<p>1. Notes the progress made by the Superfast South Yorkshire Programme</p> <p>2. Supports the proposed Open Market Review and subsequent procurement to achieve the planned broadband coverage for South Yorkshire utilising the previously allocated but not yet fully committed SCRIF funding to enable SFSY to respond to the outcome of the Open Market Review.</p>	
8	<p><u>SCR Integrated Infrastructure Delivery Plan</u></p> <p>A report (created jointly for the Housing Executive Board) was presented to provide an overview of the delivery of the SCR Integrated Infrastructure Plan (IIP).</p> <p>Action: ALL to raise any comments or questions to Mark Lynam</p>	ALL
9	<p><u>SCR JESSICA Update – Investments</u></p> <p>A paper was presented identifying the various sources of funding that contribute to the JESSICA fund and the criteria that apply to each. The paper was supplemented with a position statement approved by the JESSICA Investment Board that provides wider context.</p> <p>The Board was reminded the SCR JESSICA currently has access to £38m and is looking to secure a further £15m from the SCR Combined Authority (CA) to invest in commercial property development.</p> <p>RESOLVED, that the Board notes the contents of the report</p>	
10	<p><u>Enterprise Zone Fund – Investment Strategy</u></p> <p>A paper was presented advising the Board that the Enterprise Zone (EZ) Fund will include an amount of “viability funding” i.e. non-commercial support such as “first loss loans” and requesting consideration of whether, in the context of the SCR’s broader property offer, viability funding should be used to support projects that are (or would appear to be) outside the scope of the EZ vision (as set out in the report).</p> <p>The Board considered and agreed the usage of viability funding to support projects in this respect but requested that a full review of the Investment Strategy be undertaken after 6 months.</p>	

	<p>It was noted the Economic Directors Group had considered this matter and requested flexibility in terms of the sectors deemed supportable.</p> <p>RESOLVED, that the Board</p> <ol style="list-style-type: none"> 1. Agrees that viability funding should be prioritised for projects which are in line with the EZ vision i.e. for end users in the modern manufacturing and technology sector. However, should there be a shortfall in viable propositions which fail to meet the appraisal criteria above from those priority sectors; use of the fund should be extended to supporting sectors deemed to be acceptable. 2. Requires a full review of the EZ Investment Strategy to be undertaken after 6 months. 	AG
11	<p><u>Science and Innovation Audit</u></p> <p>A report was presented to remind Members that the SCR, in conjunction with Lancashire LEP, was one of five LEP regions to be shortlisted by Government to undertake a first round Science and Innovation Audit (SIA), the purpose of SIAs being to analyse and evidence regional strengths, and identify mechanisms to help realise their potential. The report also reminded members our SIA was submitted to Government in September 2016 demonstrating the SCR's global leader status in high value manufacturing as part of a broader 'Northern Advanced Manufacturing Corridor' that stretches to Lancashire.</p> <p>The Board was asked to consider the proposed action plan (at appendix A to the report).</p> <p>RESOLVED, that the Board notes the implications of the Audit for the infrastructure agenda in anticipation of a full discussion at the LEP Board</p>	
12	<p><u>Autumn Statement and Government Strategies</u></p> <p>A report was received to provide the Board with updates on the infrastructure related matters contained within the Autumn Statement.</p> <p>It was noted a central theme running through the Statement was on improving the country's long-term productivity with measures focused on investment in infrastructure and innovation. Of particular significance is the creation of a £23bn National Productivity Innovation Fund; a £2.3bn Housing Infrastructure Fund; £390m investment in future transport</p>	

	<p>technology; £1bn investment in full-fibre broadband and trialling 5G networks and the provision of wider borrowing powers for Mayoral Combined Authorities.</p> <p>RESOLVED, that the contents of the report are noted.</p>	
13	<p><u>IEB Business Plan Progress Dashboard</u></p> <p>Provided for information.</p>	
14	<p><u>Any Other Business</u></p> <p>Members noted Veena was moving from 'infrastructure' to work on other thematic areas for the SCR Exec Team and thanked her for her support for the Board.</p>	
15	<p><u>Date of the Next Meeting</u></p> <p>Friday 24th February, 10.00am at Broad Street West, Sheffield</p>	