

17th December 2018

Strengthening Governance: efficient, effective and transparent decision making in the Sheffield City Region

Purpose of Report

Following consultation with partners and a review of the models in other mayoral combined authorities, a proposal has been developed to strengthen governance in the SCR. This seeks to build upon the best of current arrangements to create more efficient, effective and transparent decision-making processes. This is based on establishing a Transport Board that brings together the existing Transport Executive Board and the SYPTE Executive Board. In addition, four other boards would be in place for Business Growth, Skills and Employment; Housing; and Infrastructure, who would have appropriate delegations to complement their role in implementing policy and programmes more transparently.

Thematic Priority

Cross cutting – the model impacts on all elements of the SCR CA and LEP decision making.

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

The paper will be available under the Combined Authority Publication Scheme

Recommendations

- That Leaders agree the proposed approach to strengthen governance in the SCR, as set out in section 2.

1. Introduction

- 1.1** Since its formation in 2014 the Sheffield City Region Combined Authority (CA) has worked closely with the Local Enterprise Partnership (LEP) to deliver the outcomes identified in the Strategic Economic Plan (SEP). With the election of the City Region's first metro mayor, this marks a new era of greater and more direct accountability on decisions at this scale.
- 1.2** As a Mayoral Combined Authority (MCA), it is important that the Board's decision-making process is efficient, effective, transparent and provides accountability to local residents and businesses. The SCR Executive has therefore reviewed its processes, sought feedback from partners and analysed other MCAs arrangements to seek to develop a proposal on which consensus can be achieved.
- 1.3** Through the consultation with partners a range of views were expressed on the way

forward. These highlighted a number of common themes, including:

- **Leadership** - The importance of having stronger oversight, accountability and decision making of the work being undertaken by the thematic boards;
- **Accountability** – Ensuring that policy is led by local leaders and provides articulation of City Region priorities that residents and businesses can engage with;
- **Transparency** - That there is a need for greater transparency on the work being undertaken by the CA to ensure that the public are aware of this activity.
- **Roles and responsibilities** - Providing greater clarity of what decisions can be taken by which part of the governance structure and by whom, improving the efficiency of the process, reducing the potential for duplication and confusion;
- **Space for policy development** – that governance arrangements need to provide the opportunity to shape future policy development and priorities on topical issues;
- **Design** - That form should follow function, with the need to have arrangements in place that will deliver the MCAs priorities;
- **Corporate governance** - Improving the effectiveness of the decision-making process by having a forward plan in place for all sub boards, with papers and presentations provided five clear working days in advance; and
- **Co-ordination and collaboration** - All members being sighted on the decisions being taken by the MCA across the different thematic areas, whilst ensuring leadership and timely decisions to rationalise the number of meetings.

2. Overarching proposal and justification

2.1 To revise governance arrangements in the SCR, a set of principles has been developed, following feedback from partners. These seek to ensure that the optimum arrangements are established, forming a robust foundation for the decision-making process:

- Achieving an efficient, effective and transparent model for decision making;
- Collaborating to build collective and combined decisions to deliver the outcomes identified in the SEP;
- Providing strong and accountable leadership in setting the agenda and subsequently delivering a defined programme of activity to rigorously realise the outcomes of the SEP; and
- Scrutinising the planned and activity underway to deliver the best outcomes for the SCR and value for money.

2.2 Based on these principles the defining features of the proposed revised SCR governances are that:

- The MCA continues to set the overall direction for the Sheffield City Region and act as the accountable body for all funding awarded to the LEP. The LEP will continue to provide thought-leadership on the economy, lead the development of economic policy and champion the SCR private sector.
- The sub structure of the MCA and LEP will retain its thematic focus in the four areas of: business growth; skills and employment; housing and infrastructure; and transport.
- Given the stronger model of leadership being proposed, meeting frequency will change from a six weekly to an eight weekly, allowing more time for work to be progressed. This would be supported by the establishment of urgent delegated decision-making protocols within the constitution to be used by exception, but as required, when a decision falls outside of the parameters of the cycle.
- In addition, when the revised governance arrangements have been agreed in principle, they will need to be captured in a number of key documents such as the MCA constitution (including financial regulations) and the Assurance Framework. Subject to its agreement, these updated documents will be presented to the Board at its next meeting for approval, as part of this wider model.

A summary of these proposed roles is set out at Annex A.

2.3 To supplement these overarching arrangements a proposal has been developed to build upon and strengthen the existing model by creating an integrated Transport board (that

would bring together the existing Executive Board with the SYPTE Exec Board) and four other sub boards with defined delegated power. This would comprise:

- Merging the existing Transport Executive Board (TEB), with the PTE Executive Board to provide a single forum to discuss strategy and implementation. It is proposed that this Board will comprise a member of each constituent councils (to be nominated by the respective authority), be chaired by the Mayor, with another Leader acting as the Deputy Chair and contain a representative for non-constituent councils and the LEP. This Board will also be supported by a lead chief executive and contain the Director General of SYPTE, due to the legislative requirements of the PTE Board.
- For the three remaining existing boards, following discussion with partners it is proposed that the infrastructure and housing agendas are separated into different boards, as the recent merger was an interim position. Furthermore, the Housing and Business Growth Boards, will also assume decision making responsibilities currently held by the Housing Investment (HIF) and Business Investment Fund (BIF) Panels respectively. This will be on the principles of decisions not being taken at a level below that of the thematic boards. It is proposed that all four of these Boards operate in a similar manner to the way the Business Investment Fund (BIF) Panel and Housing Investment (HIF) Board have to date, whereby delegations will be discharged through officers working with the Board. All decisions taken will be reported at the next meeting of the MCA as part of the delegated authority report. The membership of these Boards will comprise two leaders, with one from the constituent councils and one from the non-constituent councils, a member of each of the remaining councils (to be nominated by the respective authority) and two private sector LEP Board members, as well as a lead chief executive from a different authority to the leader.
- In addition, in order to strengthen transparency on the work of the five sub boards it is proposed that they will:
 - Be formally embedded within the SCR MCA forward plan, publishing all key decisions 28 days in advance;
 - Publish papers and agendas five clear working days in advance of the meeting;
 - Provide a mechanism for members of the public to provide written questions on the papers, with a commitment that a response will be made in writing; and
 - Publish draft and ratified minutes within 10 days of the meeting taking place.

2.4 The proposed terms of reference specifies the proposed approach to decision making, which requires consensus from board members for a decision to be made on schemes under £2m. Should consensus not be reached within a thematic board the issue would be escalated either to the LEP (if related to policy / strategic alignment on LEP funds) or the MCA (if related to MCA funding or to fulfil the accountable body functions for LEP investment).

2.5 Subject to the agreement of this approach, it is proposed that the overview of this model is presented for approval at the next MCA / LEP in December and January respectively. Further work will also need to be undertaken to embed this approach within the Constitution and Assurance Framework. However, the latter document will need to be reviewed in the new year following the publication of Government's updated National Assurance Framework.

3. Consideration of alternative approaches

3.1 *Cabinet model role, supported by officer delegations* – whilst the legislation by which the MCA was established mean that legal cabinet models cannot be used, there is an option where portfolios could be established with delegations residing with officers.

3.2 *Reducing the number of thematic boards* – it has been suggested that the number of existing boards could be reduced to three, with effectively transport merging with housing and infrastructure into a place board. However, under such a model the SYPTE Executive Board would probably need to remain distinct to keep the portfolio manageable, meaning that there would still in effect be four boards.

4. Implications

4.1 Financial

It is proposed that the delegation limit from the MCA to the sub boards is set at £2m. This would provide consistency with the limits already in place for the BIF and Housing Investment Boards and is below the average (financial) value of schemes currently being funded through the LGF programme.

4.2 Legal

The changes set out in the proposed model would need to be captured in changes to the MCAs Constitution and elements of the LEPs governance framework when agreed. This could be undertaken and presented for consideration at the next meeting of the MCA. As part of the update to the SCR Assurance Framework it is proposed that the process by which business cases are published and then considered by the authority, should be refined, so that any comments received are captured, with the response from the scheme promoter included in the documentation presented for approval.

The proposed merged SYPTE Board and TEB will be achieved by establishing a Board with a membership as set out in paragraph 2.3 above who will collectively consider strategy, performance, implementation and capital/revenue programme matters. Due to SYPTE being a separate legal entity to the MCA, with its own statutory functions, it will, in line with the MCA/Transport Board's strategic direction and within the budget set by the MCA, exercise its operational functions through its Management Board and/or Director General (in accordance with the South Yorkshire Transport Area (Establishment of Executive) Order 1973). Under the proposal SYPTE will report performance, seek direction from and consult with the Transport Board. Appropriate transport functions of the MCA will be delegated to the Transport Board, although the formal delegation by the MCA is to SCR Managing Director (or their representative) in consultation with the Chair of the Transport Board. Where there is not unanimity of the Transport Board any decision shall be referred to the MCA and/or LEP as appropriate.

The same structure for delegations to the other Boards is proposed with the formal delegation being to the SCR Managing Director (or their representative) in consultation with the Boards Chair. Where there is not unanimity of the Board the Officer delegation is not exercisable and the decision in question will be escalated to the MCA and/or LEP as appropriate. Officer delegations are authorised by s.101 Local Government Act 1972.

4.3 Risk Management

Continuing to strengthen governance arrangements in the Sheffield City Region will be an important mechanism in managing a number of corporate risks. This will reflect the commitment of both the MCA and LEP to transparency, and the clear delineation of responsibilities between different elements of the decision-making system.

4.4 Equality, Diversity and Social Inclusion

In developing the composition of the sub boards of the SCR governance arrangements it has been important to consider diversity and how this represents the breadth of the City Region, including factors such as geography and gender.

5. Communications

- 5.1** If the proposed model is agreed, it will be important to clearly and effectively communicate when, how and what decisions are being taken and the roles of different boards within this process. This will be vital in signposting people to the information that they wish to find and in improving awareness of the activity being undertaken by the MCA and LEP collectively.

As set out through the LEP Review, the SCR will need to have a corporate plan in place for

2019/20. Developing this document could further clarify these roles and purposes.

6. Appendices/Annexes

6.1 Annex A – Proposed responsibilities for the boards in the governance cycle

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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:

Annex A – Proposed responsibilities for the boards in the governance cycle

Board	Role
MCA	<ul style="list-style-type: none"> • Agree budget and corporate plan for the year and monitor's progress against its achievement • Decision maker new programmes of activity • Agree policy (including thematic policy) • Decision maker on schemes and to receive grant over £2m and under £2m for general activity. • Accountable body for LEP funding • Escalation point for decisions relating to LGF where consensus cannot be reached (in relation to accountable body functions)
LEP	<ul style="list-style-type: none"> • Evaluates the health and performance of the SCR economy • Custodian of the Strategic Economic Plan • Partner in development of the Local Industrial Strategy • Responsible to government for funding awarded to deliver the SEP • Voice of the private sector in decision making process • Setting the parameters of offer to business • Approve new projects to enter into the pipeline for LEP investment, on the basis of strategic fit • Escalation point for decisions relating to LGF where consensus cannot be reached (in relation to alignment to strategy / strategic fit)
Thematic boards	<ul style="list-style-type: none"> • Thematic policy development • New programme development • To enact MCA and LEP agreed policy • Approve schemes with a value of less than £2m • Accept grants with a value of less than £2m for a defined purpose linked to the Board's theme • Monitor programme delivery and performance • Specific statutory responsibilities related to the discharge of the SYPTE Executive Board functions, for the Transport Board
Appraisal Panel	<ul style="list-style-type: none"> • No decision-making powers • Independent of scheme promoters, the panel is responsible for making recommendations from the SCR MCA Statutory Officers to the respective decision-making board