
Title: Sheffield City Region Economic Devolution Deal Proposal

Is this a Key Decision and has it been included on the Forward Plan?

This is not a Key Decision at this stage and has not been submitted to a Commissioner for decision. However, it will need to be subject to a formal decision in due course (potentially at the 21st October Council meeting, depending on negotiation timescales with central Government). Members are, therefore, asked to note the enclosed proposals, which form the basis of ongoing discussions between the City Region partnership and central Government.

Director Approving Submission of the Report

Stella Manzie, Managing Director
Karl Battersby, Strategic Director, Environment & Development Services

Ward(s) Affected

All

Executive Summary

On 4th September the Sheffield City Region Combined Authority and Local Enterprise Partnership submitted to Government proposals for an economic devolution deal, in line with the deadline for such proposals set by the Chancellor of the Exchequer in the Summer Budget announcements in July 2015.

The focus of the SCR proposal is on accelerating and enhancing the delivery of the 10-year "Strategic Economic Plan" for the City region, already agreed with Government, which aims to deliver 70,000 new jobs and 6,000 new businesses.

Following submission of this proposal document to Government, discussion and negotiation will continue, led by the SCR on behalf of all nine of its member local authorities, prior to final sign off of devolution deals before the comprehensive spending review conclusions which are expected on 25th November.

Recommendations

That the Council notes the SCR economic devolution deal proposals.

List of Appendices Included

Appendix A - Copy of the Sheffield City Region economic devolution deal
Appendix B - Sheffield City Region Strategic Economic Plan, Executive Summary
Appendix C - Background Note on the Sheffield City Region

Background Papers

Sheffield City Region Strategic Economic Plan (March 2014)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

Councillors are requested to note the submission.

Exempt from the Press and Public

No

SHEFFIELD CITY REGION DEVOLUTION DEAL PROPOSAL

1. Recommendations

1.1 That the Council notes the Sheffield City Region economic devolution deal proposals.

2. Background

2.1 As part of the Summer Budget announcements in July 2015 the Government clarified its intention to agree further “significant devolution deals” with groups of local authorities and business partners, along the lines of the existing Greater Manchester model - i.e. involving a directly elected Mayor at a city region-wide level, working alongside local authority Leaders.

2.2 Government set a deadline of 4th September 2015 for proposals to be submitted, with a view to signing off deals before the Comprehensive Spending Review conclusions due on 25th November.

2.3 Since July ongoing discussions have been taking place amongst the nine local authorities that make up the Sheffield City Region (SCR) to agree what such a devolution deal should encompass. This process has been led by the Council Leaders who are member authorities’ formal representatives on the SCR Combined Authority, supported by Chief Executives (i.e. Cllr Read and Commissioner Stella Manzie for RMBC) as well as other senior officers. It has included contact with Government Ministers (e.g. Greg Clark MP, Secretary of State for Communities and Local Government (CLG), James Wharton MP, nominated lead Minister for the “Northern Powerhouse”, and Lord Jim O’Neill, Commercial Secretary to the Treasury) and regular, ongoing contact at official level with both HM Treasury, CLG and other departments, led primarily by the SCR secretariat but with senior local authority officers also engaged. The SCR Local Enterprise Partnership (LEP) has also been engaged, as the formal public-private sector partnership at City Region level.

2.4 In the light of these discussions, a formal proposal for a further devolution deal, a copy of which is enclosed at **Appendix A**, was submitted by the SCR on the 4th September deadline. Several other areas of the country have also put forward their proposals – including the Leeds City Region, West Midlands Combined Authority, North East Combined Authority, Derbyshire and Nottinghamshire and the Liverpool City Region.

2.5 The focus of the SCR proposal is on accelerating and enhancing the delivery of the 10-year “Strategic Economic Plan” for the City Region (Executive Summary enclosed at **Appendix B**), already agreed with Government, which aims to deliver 70,000 new jobs and 6,000 new businesses over the next decade. This is based on the SCR representing a genuine economic geography which justifies greater devolution in the interests of stronger and more sustainable growth.

2.6 The deal does not aim to cover wider aspects of collaborative public service delivery which have emerged in other parts of the country - e.g. Greater

Manchester's priorities around health and social care integration, policing and fire and rescue. However, a commitment is made by the SCR to work with Government on a parallel programme of public service reform that will help contribute towards a more productive and prosperous City Region, underpinned by a sustainable public sector.

2.7 As set out in **Appendix A**, the SCR proposal is structured around an overarching proposal for a multi-year and non-ringfenced "Single Pot" of investment funding that will drive growth and delivery against six key themes.

2.8 The six, headline key themes are then underpinned by a total of 30 specific devolution "asks" and are summarised as follows:

- a. **An integrated, 21st Century Transport Network**
 - Control of the powers and resources for the bus network
 - A single, smart-ticketing system for the City Region's public transport
 - The ability to make decisions on major transport schemes (including Super Tram extension)
 - Responsibility for improving air quality
- b. **A world leading area for innovation, advanced manufacturing and business growth**
 - A single, tailored business support model with devolved funding and aligned national programmes
 - Support for the UK's first Advanced Manufacturing Innovation District, including new research and development facilities at the Advanced Manufacturing Park and Research Centre in Rotherham
 - Direct accountability of UK Trade & Investment (UKTI) to the SCR to drive exports and inward investment
 - 100% coverage of superfast broadband for the whole of the SCR with devolved funding
- c. **More young people learning, earning, in apprenticeships and higher skilled employment**
 - An end to end post 16 vocational skills system, with full devolved funding for adult skills and co-commissioning of post-16 programmes
 - A tailored Careers Service for the City Region
 - Powers to shape the education system via an enhanced local curriculum in schools and Further Education
 - Devolved of powers and funding to support people into work
 - Co-commissioning the next phase of the Work Programme
- d. **Better use of publicly owned assets and planning powers to double housing delivery**
 - Building 7,000 new homes a year through a flexible Housing Investment Fund and making best use of all public assets
 - Powers to establish Development Corporations and Zones to incentivise development
 - Expanding the Enterprise Zone (comprising a permanent extension of the Advanced Manufacturing Park at Catcliffe, an extension at Markham Vale and a new zone in Carcroft, north Doncaster).

- e. **A stable, long term financial settlement that puts the SCR in control of its own destiny**
- Full localisation of business rates and future growth, putting SCR in charge of the money raised locally
 - A payment by results model enable critical infrastructure investment
 - Reviewing the Housing Revenue Account (HRA) borrowing cap to enable more house building
 - Precept and Community Infrastructure Levy powers for the SCR
 - Powers to put the SCR in control of EU Structural Investment Funds
 - Changes to legislation to deliver a SCR-wide deal (i.e. to more formally include the five District Councils in northern Derbyshire and Nottinghamshire)
- f. **Greater accountability of national programmes to the Sheffield City Region**
- Formal “call in” powers to challenge Government departments and agencies to ensure national programmes are aligned to local ambitions

2.9 Much attention has been (and will continue to be) given to the Government’s statements over the summer that new, directly elected “Metro Mayors” are seen by Ministers as a pre-requisite for any further devolution. Council Leaders across the City Region have clearly been aware of this viewpoint throughout their discussions. However, the first preference set out in the SCR proposal document (section 5, page 25) is for current democratic structures in local authorities and the existing Combined Authority to deliver on the deal, without the need for an elected, City Region-wide Mayor.

2.10 It will be for further discussion to take place with Government on this point prior to the November spending review conclusions and final announcements; with the proposal setting out (pages 26 to 30) how new legislation would be needed to work around the particular geography of the SCR, spanning both South Yorkshire authorities and “two tier” local government in Derbyshire and Nottinghamshire, in order for any second preference Mayoral model to be developed. The overlaps here with the separate Derbyshire and Nottinghamshire county-wider devolution proposals are also key, given the implications for any area to have more than one elected City Region-wide Mayor.

2.11 To provide Members with additional information that may be helpful, included at **Appendix C** is a background note summarising the history of the City Region, its membership and recent developments in Combined Authorities policy. The proposals at this stage represent a starting point for detailed negotiations with Government at City Region-wide level, out of which will emerge a clearer picture of the more specific impacts for Rotherham.

3. Key Issues

3.1 As noted above, the proposals submitted to Government on 4th September represent the SCR position, on which further discussion and negotiation now needs to take place with Government departments, where a central, coordinating role is being taken by HM Treasury.

3.2 Members will wish to note at this stage the key themes and “asks” of the proposal set out after paragraph 2.8 a) to f) above, as well as the potential democratic implications of Government’s announcements about City Region-wide Mayors, although this is clearly set out as a second preference by the SCR (see 2.9 and 2.10 above).

3.3 There also remain particular issues to consider and resolve with partner authorities in terms of the outline proposals to fully localise business rates and future growth. Initial modelling has been carried out by the City Region, which demonstrates that this could have significant fiscal advantages for SCR member authorities, but is a complex area that requires urgent additional work and comparison with other areas seeking a similar agreement as part of their deal.

4. Options considered and recommended proposal

4.1 Members are asked to note the issues set out in this report and accompanying Appendices and note the continuing negotiations and discussions taking place on the finalisation of a devolution deal where the council will play an ongoing role alongside other partners.

5. Consultation

5.1 All Members were provided with an interim briefing on the emerging SCR devolution proposals on 3 September. Prior to this, key lines of consultation during the development of the proposals have been channelled via the Council’s formal representatives on the SCR Combined Authority and Local Enterprise Partnership structures, on the basis of an accelerated period of consideration since July 2015, driven by the 4th September submission deadline set by Government.

6. Timetable and Accountability for Implementing this Decision

6.1 Following submission on 4th September ongoing discussion will take place across the City Region as well as with Government departments on a finalised deal, on which agreement is expected to be required prior to the Government’s comprehensive spending review announcements expected on 25th November 2015.

6.2 Precise timescales at this stage cannot be advised, but it may be likely, therefore, that the Council Meeting on 21st October 2015 may be required to formally consider a further developed devolution deal. Members will continue to be updated accordingly via written briefings in the meantime.

7. Financial and Procurement Implications

7.1 There are no direct Finance and Procurement implications to the council at this stage, given that details are still to be finalised. However, if a successful negotiated devolution agreement was reached with the Government then there could be significant financial and strategic gains to the City Region and to Rotherham, as a result of the ability to direct large scale funding in a more locally prioritised way. This will, however, depend on an appropriate settlement being able to be reached following further negotiation.

8. Legal Implications

8.1 Any legal or constitutional implications of the further developed devolution deal will be advised in due course, depending on further discussions.

9. Human Resources Implications

9.1 There are no Human Resources implications of this report for RMBC other than the involvement of a range of officers in supporting the further discussions and negotiations.

10. Implications for Children and Young People

10.1 The SCR agenda has a key focus on employment opportunities, for adults and young people. The elements of the devolution proposals in the area of skills, employment and education (section 3.4 of the proposal document at **Appendix A**) would have the most direct impact on children and young people – including the ambitions around a more responsive and effective careers service and greater influence in the curriculum and schools and colleges to equip young people for the world of work and the skills employers require. These would be particular elements of the devolution programme that, if agreed, the Council would need to monitor going forward, supported by the overall lead role that the Council Leader, Cllr Read, has for skills issues in the Combined Authority (see **Appendix C**)

11. Equalities and Human Rights Implications

11.1 Further details about any equalities and human rights implications for Rotherham will need to be considered in the light of the finalised deal and its future delivery on an ongoing basis, in partnership with others in the Combined Authority.

12. Implications for Partners and Other Directorates

12.1 The devolution proposals have been developed through partnership working at City Region level, with both local authority partners and the private sector through the Local Enterprise Partnership and more widely. This partnership working will need to continue as the proposals are refined into the finalised deal. In the meantime, the Council will ensure local partners are appropriately briefed on the implications at local level through the Rotherham Partnership – including the Chamber of Commerce, voluntary and community sector, further education and health, police and fire authority partners.

13. Risks and Mitigation

13.1 RMBC officers will liaise with the SCR and officers in other authorities to identify the operational risks around delivery of the finalised devolution deal as work continues to refine and clarify the proposals in the coming weeks and months.

14. Accountable Officer(s)

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