

## SHEFFIELD CITY REGION DEVOLUTION PROPOSAL – FURTHER BACKGROUND NOTE

### What is the Sheffield City Region?

1. Sheffield City Region (SCR) comprises the nine local authority areas of Barnsley, Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales, Doncaster, North East Derbyshire, Rotherham and Sheffield.

2. The authorities having collaborated informally – through the SCR Leaders’ group and supporting officer structure - for around a decade. A governance review was commissioned most recently by the member authorities in 2012, which concluded that:

*“Establishing a SCR combined authority would improve the exercise of statutory functions in relation to economic development, regeneration and transport in the SCR, leading to an enhancement of the economic conditions and performance of the SCR.”*

3. The term “combined authority” refers to the bringing together of two statutory bodies – an Integrated Transport Authority (ITA) and an Economic Prosperity Board - in order to align political decision making around strategic economic development and transport. A combined authority does not relate to a merger or “takeover” of local authorities or local authority departments.

### Combined authority (CA)

4. The governance review noted at 2. above identified three specific benefits in formalising existing collaboration arrangements via a combined authority (CA):

- *To give the city region access to devolved powers and funding now and in the future* – forming the CA enables the city region to access around £10 million per annum of devolved transport funding as part of a city region deal. A combined authority has the potential to draw down further funding and powers as part of growth deals with government.
- *To align decision making in relation to strategic economic development and transport* – i.e. ensuring transport schemes enable local residents to access employment opportunities.
- *To put in place strong, stable and accountable leadership recognised by government* – nine elected leaders will come together to make decisions of city region significance.

5. Following consultation with government and key stakeholders in 2013, the CA was formally established on 1<sup>st</sup> April 2014 and had its first meeting on 22<sup>nd</sup> April 2014.

6. To comply with legislation, there is a distinction between the South Yorkshire (SY) and non-SY authorities. Technically, the new CA body is the “Barnsley, Doncaster, Rotherham and Sheffield Combined Authority”, with the SY authorities as “constituent” members and the others non-constituent, with no automatic voting rights.

7. Each of the nine councils elect one member to the CA (leader or elected mayor in the case of Doncaster), but the constituent (SY) councils also have two additional rotating members between them, giving them a theoretical majority.

8. In practice, however, these rotating members do not attend meetings and it has been agreed that they should not be voting members. The CA therefore operates on a “one member one vote” basis, with non-constituent members able to vote on all issues that are not SY specific (voting rights for individual items are agreed at the start of each meeting).

9. The CA has recently undertaken some changes to its governance structure to create five Executive Boards covering the issues of Skills, Transport, Business Growth, Housing and Infrastructure, each with one of the SY Leaders leading it (and a SY Chief Executive supporting). RMBC, through Cllr Read, leads the Skills Board, supported by the Chief Executive of Doncaster; and the RMBC Chief Executive (currently MD Commissioner) provides the lead support to the Transport Board, chaired by the Leader of Sheffield City Council.

## **Transport**

10. The CA has taken on the local transport powers of South Yorkshire Integrated Transport Authority (SYITA), which has consequently been dissolved. South Yorkshire Passenger Transport Executive (SYPTX) remains as the organisation that discharges responsibilities for public transport operations, i.e. bus, tram, train (although its influence - as previously - is determined by the commercial nature of the majority of operations).

11. The CA did not take on any additional transport or highways responsibilities to those held by the ITA, and the four South Yorkshire districts continue to undertake their functions as local highway authorities.

12. The CA’s remit for public transport does not extend beyond the SY boundary, although at a strategic level there is an influencing role on the non-SY authorities (i.e. Nottinghamshire and Derbyshire County Councils) who are both local transport authority (LTA) and highway authority (HA) for their respective areas.

13. The CA has established a Transport Committee to help discharge its transport responsibilities. In effect, this Committee is the SYITA with additional elected members from the non-SY councils.

14. To manage the region’s 10-year allocation of major scheme transport funding, a local transport body was established, now known as the Infrastructure Investment Board. The membership is as per the CA, plus representatives from Derbyshire and Nottinghamshire County Councils, given their remits as LTAs and HAs. Schemes are prioritised via a robust assurance process, which assesses their relative value for money, deliverability and economic impact.

## **Economic development**

15. The CA is responsible for strategic economic development decision making at a city region level, working closely with the Local Enterprise Partnership (LEP).

16. In broad terms, the CA provides accountability and holds public money, including funds devolved from central government as part of current growth deals,

and ensures alignment with transport strategy, whilst the LEP leads on strategy and delivery as a full public-private partnership body.

### **Local Enterprise Partnership (LEP)**

17. Local Enterprise Partnerships (LEPs) are the strategic bodies established by the previous Coalition Government to drive economic growth across functional economic areas.

18. Membership is comprised of council leaders (or elected mayors) and local business representatives. The Sheffield City Region LEP is chaired by James Newman, one of ten private sector representatives, who are joined by the nine local authority leaders.

19. As well as developing the strategic economic plan for the City Region, the LEP directly oversees the inward investment team and related initiatives such as Enterprise Zones and the “Unlocking Business Investment” programme.

### **Strategic Economic Plan**

20. The LEPs Strategic Economic Plan (SEP) – the Executive Summary of which is enclosed separately at Annex B - sets out a vision to transform the SCR local economy over the next decade by developing a stronger and bigger private sector that can compete in national and global markets. It is used to bid for government money through the growth deal.

21. At the heart of the SEP is the creation of 70,000 new private sector jobs and 6,000 new businesses by 2025.

22. The plan focuses on six thematic areas:

- Ensure new businesses receive the support they need to flourish
- Facilitate and proactively support growth amongst existing firms
- Attract investment from other parts of the UK and overseas, and improve our brand
- Increases sales of the city region’s goods and services to other parts of the UK and abroad
- Develop the city region’s skills base, labour mobility and education performance
- Secure investment in infrastructure where it will do most to support growth

23. Though identified as a cross-cutting theme in the SEP, social inclusion does not figure strongly and the plan does not have a direct focus on issues around poverty, inequalities or improving health and wellbeing.

### **Growth Deals to date**

24. In July 2014, the LEP secured £297m devolved funding from government to create over 28,000 jobs and provide training for 40,000 people. The money will:

- Support £600 million worth of infrastructure projects, including improvements to Sheffield city centre, transport links to new housing and employment in the Dearne and an extended link road to Robin Hood Airport.

- Enable the LEP to create a £130 million “Skills Bank”, to provide training for 40,000 people, including 5,000 to 7,500 apprentices. The funding will also be used to upgrade further education facilities and build a new British Glass Academy.
- £50 million of the funding will allow the LEP to extend its business investment and support programme, creating 4,000 new jobs for local people.

25. In January, “Growth Deal 2” saw an additional £30.7m committed to the City Region as an expansion of the above deal.

### **European Structural and Investment Funds (ESIF)**

26. As a “transition” region, South Yorkshire has been allocated around £150m from the 2014-20 ESIF programme, with the “more developed” non-SY areas within the city region receiving an additional £26m. The first calls for proposals have been published, including the themes of new business start-up support, exporting support, innovation, and technical assistance.

27. Central government departments are the overall “managing authorities” for the funding and are responsible for making decisions on individual projects. However, local partners have a “key advisory role” through the local ESIF committee, which forms part of the Combined Authority (the Council’s Director of Planning, Culture and Regeneration, Paul Woodcock, is the ESIF Committee representative for RMBC).

### **The recent evolution of Combined Authorities**

28. The current CAs, including the Sheffield City Region, are established under the provisions of the Local Democracy, Economic Development and Construction Act 2009. This provides for bringing together working on economic development and the role of Integrated Transport Authorities.

29. The Government is now promoting a much greater devolution agenda following the recommendations of Lord Heseltine in his report “No Stone Unturned in Pursuit of Growth” to create what is being described as a “Northern Powerhouse”. This approach is designed to rebalance the economy from the current level of reliance on London and the South East, with an enhanced form of CAs taking on a range of functions of public bodies together with new local governance arrangements. The proposals also involve the delegation of budgets from Government departments and public bodies together with flexibilities in local government funding including business rates and Council Tax precepts.

30. Critical to the enhanced governance arrangements is the creation of the role of “Metro Mayor” with remits at the level of the CA, including a range of executive functions such as, potentially, also taking on the role of the Police and Crime Commissioner. It is important to distinguish this CA Mayoral model from that of the London Mayor, as it is based on the Greater Manchester model of a Mayor working alongside local council leaders.

31. It has been for each CA (or indeed other bodies, such as County Councils) to submit proposals of “Devolution Asks” to the Government to then progress to a negotiation and agreement. As part of this, the Government has asking authorities to commit to the creation of a “Metro Mayor” model of governance in return for

devolved powers and resources. Proposals were required to be submitted to the Government by 4<sup>th</sup> September 2015.

### **Sheffield City Region and further devolution**

32. Led through a process of ongoing local authority leaders' discussions and negotiations over the summer of 2015, the SCR has finalised a devolution proposal document, setting out the case and specific "asks" of the City region.

33. The SCR proposals are structured around the following themes:

- *An integrated 21st Century Transport Network with greater intra-city region and pan-city region connectivity*
- *A world-leading area for innovation, advanced manufacturing and business growth*
- *More young people in apprenticeships, earning or learning and higher skilled employment*
- *Better use of publicly owned assets and planning powers to double housing delivery to 7,000 homes per annum*
- *A stable, long term financial settlement that puts the City Region in control of its own destiny*
- *Greater accountability of national programmes to the Sheffield City Region*

34. The full detail of resources and funding implications are not yet specified, but the proposal sets out the concept of a "single pot", working under the following principles:

- *It is developed in agreement with HM Treasury rather than individual Departments separately, and that the SCR secures a single line in the Budget.*
- *It is focused on the delivery of economic growth, including inward investment innovation and trade promotion activity;*
- *Can be matched with international / European funding streams*
- *It has little or ideally no Departmental ring-fencing attached – with any departmental influence exercised via the agreement of outcome targets*
- *It is long-term in nature, over the course of more than one parliament;*
- *It can be used to build packages of funding to deliver major schemes;*
- *It does not preclude eligibility to bid for other competitive funds Government may create in the future; and*
- *It encompasses both capital and revenue and includes some freedom to capitalise programme spend to generate revenue to support development costs as well as other business growth revenue schemes.*

35. In relation to governance the SCR proposal is clear on a preferred model which is delivered through existing democratic structures – i.e. local authorities and the current Combined Authority. Nevertheless, in understanding of the Government's recent announcements about the Elected "Metro" Mayors (see 28. to 31. above) the proposal notes a willingness to work with Government on developing the best solution and one that can accommodate the unique geography of the Sheffield City Region, which spans both South Yorkshire and parts of the County authorities of Nottinghamshire and Derbyshire which have put forward their own devolution proposals at a county-wide level.

## **Legislation and possible timescales for the election of Metro Mayors**

36. Current legislative provision for CAs does not provide for “Metro Mayors” or the delegation of functions and budgets; or other local government finance changes. To address this, the Government is taking the Cities and Local Government Devolution Bill through the current session of Parliament, potentially paving the way for enhanced powers in 2016 and potential election of such Mayors in 2017.