

ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET

1. Meeting:	Cabinet
2. Date:	18th September 2013
3. Title:	Combined Authority Consultation
4. Directorate:	Environment and Development Services

5. Summary

The report outlines the key points to be covered in a joint city region response to the government consultation on establishing a combined authority for Sheffield city region. This follows the agreement by city region local authorities earlier in the year to form a combined authority that would replace South Yorkshire Integrated Transport Authority (ITA) and have strategic responsibility for transport and economic development issues affecting the city region.

6. Recommendations

That cabinet:

- Agree to endorse a joint city region consultation response (see appendix) that highlights the issues outlined in section 7 below, rather than submitting a separate RMBC response

7. Proposals and Details

Background

A comprehensive governance review, conducted in 2012/13, identified three overarching reasons for establishing a combined authority for Sheffield city region:

- To give the city region access to devolved powers and funding now and in the future
- To align decision making in relation to strategic economic development and transport
- To put in place strong, stable and accountable leadership, recognised by government

As members will be aware, RMBC agreed to become a member of the combined authority ("SCR Authority") following agreement by cabinet and full council in February/March 2013.

A proposal was subsequently submitted to the Department for Communities and Local Government, which is now carrying out formal consultation with a view to establishing the new body by April 2014.

Leaders and chief executives have agreed that the city region will issue a joint consultation response, which will be largely positive whilst highlighting the following issues:

- Government's "rebranding" of the combined authority as "South Yorkshire Combined Authority" rather than Sheffield City Region Combined Authority (or "SCR Authority"), which is seen as unhelpful and factually inaccurate, given that the combined authority will have powers in relation to the wider city region
- The need for government to take steps to ensure that combined authorities have the necessary suite of powers, particularly in relation to economic development
- That the delegation of responsibilities between the combined authority and the local enterprise partnership should be a matter determined locally, rather than by government

Members are asked to endorse a response (see attached appendix) focused around the above points, which will be submitted – via the city region executive team – by the 7th October deadline.

The combined authority will oversee various funding streams devolved from government, including monies secured from a "local growth fund", which will be established by government from 2015/16.

This will involve a competitive bidding process, with government awarding funding based on the quality of strategic economic plans developed by local areas.

As part of the working arrangements for the combined authority and local enterprise partnership, an effective mechanism for allocating and managing this funding will need to be developed.

Further information on the local growth fund will be brought to members at a later date when government has published more detailed guidance.

8. Finance

There will be financial implications for RMBC relating to the combined authority and associated issues such as the establishment of the local growth fund. The latter will incorporate a proportion of local authorities' New Homes Bonus allocations (likely to be 35.09%) as well as funding for transport and skills.

The government is currently consulting on pooling arrangements for New Homes Bonus, but further detailed guidance is awaited on the local growth fund.

Given that the combined authority will effectively replace the ITA, there will also be implications for the ITA levy.

The various cost / funding lines listed below may all be affected to some extent:

2013/14 RMBC contribution to city region team running costs - £35,909

2013/14 NHB allocation - £2.75m

Cost of ITA levy – £16.42m

Establishing the combined authority will enable RMBC and its partners to secure additional powers and devolved funding from government. In the longer term this should bring financial benefits as local partners work together to generate economic growth.

9. Risks and Uncertainties

It will be important to ensure that the cost implications relating to the establishment of the combined authority and the pooling of various funding streams are fully understood.

As local government funding arrangements change, with an increasing proportion based on "performance" (i.e. business rates retention) rather than need, the city region dimension is crucial. The combined authority will enable RMBC to have real influence over a significant amount of funding that is currently controlled by central government. At the same time though, the council will lose discretion over the use of some funding (e.g. a proportion of NHB) as it will be pooled at city region level.

In this context, it will be critical to ensure that arrangements put in place to manage devolved funding and deliver growth programmes are cost effective, fair and transparent.

10. Policy and Performance Agenda Implications

The purpose of the combined authority will be to improve the exercise of statutory functions in relation to economic development, regeneration and transport in the Sheffield city region, leading to an enhancement of the region's economic conditions and performance.

This should complement local activity that aims to promote economic growth and ensure people have opportunities to improve their skills and find employment.

11. Background Papers and Consultation

[Government consultation document](#)

Contact Name: Michael Holmes, policy officer, x54417,
michael.holmes@rotherham.gov.uk