

Governance Review and Scheme to implement the South Yorkshire Devolution Deal

**Sheffield City Region
Mayoral Combined Authority**

January 2020

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1. About this document

Introduction

- 1.1. In 2015 the Sheffield City Region Combined Authority (SCR CA) agreed a Devolution Deal with government¹ (the 'Deal'). The Deal led to the establishment of the Authority as a Mayoral Combined Authority (MCA), with the election of the first SCR Mayor taking place in May 2018. The implementation of the South Yorkshire Deal will give the MCA greater control over transport, skills, business support and other areas.
- 1.2. After a period of uncertainty regarding the future of devolution in the region, consensus has now been reached on how it should be progressed, and a proposal was made to Government in March 2019². The Government's response³ to the MCA's proposal confirmed that any authority that wished to do so would be free to join an alternative wider Yorkshire Devolution group, leaving the SCR with a commensurately reduced devolution deal. This would need to meet the statutory tests set out in legislation and with such provisos as, for example, there remains an effective integrated transport system.
- 1.3. The Secretary of State (SofS) for Housing, Communities and Local Government and the Northern Powerhouse Minister recently confirmed their support for the implementation of the South Yorkshire Devolution Deal, unlocking the benefits it offers. They also stated that subject to the positive conclusion of this Deal, the Government agrees to progress discussions on the role and functions of a Committee of Leaders from across Yorkshire, based on the existing Yorkshire Leaders Board.
- 1.4. Accordingly, the next step to put in place the Deal is to undertake a consultation upon a Governance Review and Scheme, in accordance with the relevant legislation.

Purpose of the review

- 1.5. Sections 104, 105, 105A, 107D, 113 of the Local Democracy, Economic Development and Construction Act 2009 ("the 2009 Act"), as amended by the Cities and Local Government Devolution Act 2016 enables the Secretary of State by order to make changes in relation to the functions of an existing combined authority. Changes in relation to Section 104 and 105, can be made where the authority has prepared and published a scheme which in turn can be done after the authority has carried a

¹ https://sheffieldcityregion.org.uk/wp-content/uploads/2018/03/Sheffield_devolution_deal_October_2015_with_signatures.pdf

² <https://sheffieldcityregion.org.uk/wp-content/uploads/2019/03/Letter-to-Secretary-of-State-Devolution-25.3.19.pdf>

³ <https://sheffieldcityregion.org.uk/wp-content/uploads/2019/05/Letter-from-the-Secretary-of-State-for-MHCLG.pdf>

governance review and concluded that conferring on the Combined Authority the additional functions set out in the scheme would be likely to improve the exercise of statutory functions in the Combined Authority's area.

- 1.6. This document summarises the review of the functions and governance arrangements of the Sheffield City Region MCA, including how additional functions and arrangements from the Deal would be likely to improve the exercise of statutory functions in South Yorkshire.
- 1.7. The review of the governance and functions of the Sheffield City Region MCA is detailed at Part I and a scheme containing all proposed devolved functions is detailed at Part II.

Public Consultation

- 1.8. It is a legal requirement that a public consultation be undertaken in most cases where additional functions are to be conferred upon the Combined Authority. The consultation will relate to the proposals contained in the Scheme. The Combined Authority agreed on the 27th January that the public consultation will be 2020, launched on 3rd February, and that it will run for a six-week period to 15th March.
- 1.9. Once the consultation period has expired, the SCR MCA is required to provide the Secretary of State with a summary of the consultation responses. The law requires that the Secretary of State must then be satisfied that the statutory tests have been satisfied (i.e. that the proposals will improve the exercise of statutory functions) and that no further consultation is required. It should be noted that the SCR MCA, the four constituent councils and the SCR Mayor will need to consent to any draft order before it is laid before Parliament.
- 1.10. The consultation is intended to seek views from the public and stakeholders on the additional functions proposed to be conferred on Sheffield City Region MCA as set out in the Scheme. This will be set in the context of the approach agreed by the South Yorkshire leaders and mayors in March 2019 and following recent correspondence from the SoFS in January 2020.
- 1.11. Every resident, business and stakeholder in South Yorkshire will have the opportunity to respond if they wish to do so. A number of organisations will also be contacted directly to invite them to make a response to the consultation. The proposed list of consultees to be contacted directly is attached at Annex A. However, the consultation will obviously be open to all who wish to submit a response.
- 1.12. The consultation will be led by the SCR MCA in conjunction with the constituent councils, SCR Local Enterprise Partnership and other partners.
- 1.13. The consultation will be conducted primarily through digital channels with feedback gathered via the SCR website, although respondents will be able to submit responses

by letter or email should they wish to do so. Consultation documents and publicity materials will be made available in key local authority buildings.

1.14. Proposed channels include:

- pro-active media releases and pro-active engagement of regional and local media throughout the consultation;
- web content for the SCR website, including a feedback form;
- similar, but locally adapted content for local authority and partner websites;
- social media using SCR MCA and LEP family channels; and
- staff messaging.

1.15. A toolkit will be developed to ensure that all communications teams have draft content for websites, social media, printed publicity and staff messaging.

Part I:
Governance Review

2. Introduction

Creation of the Sheffield City Region Mayoral Combined Authority

- 2.1. The nine local authorities that make up the Sheffield City Region (SCR) have a long history of collaboration at a scale that reflects the natural economic geography of the region. This collaboration was formalised through the formation of the Sheffield City Region Local Enterprise Partnership (LEP) in October 2010.
- 2.2. In April 2013, the Sheffield City Region was the first area to submit plans to form a combined authority to the Coalition Government. In April 2014, the Barnsley, Doncaster, Rotherham and Sheffield (BDRS) Combined Authority Order (the “**2014 Order**”) established the authority. Known as the Sheffield City Region Combined Authority, it was created to work closely with local councils, the Local Enterprise Partnership (LEP), Government, universities and business to grow the sub-regional economy for the benefit of its residents and communities.

Membership of the Combined Authority

- 2.3. The four South Yorkshire authorities are the “Constituent Councils” of the SCR CA. Collectively the area of these four authorities combined make up the legal area of the Authority. The SCR CA is the local transport authority for this area. All constituent councils have automatic voting rights on decisions, as set out in the 2014 Order. The additional powers and resources to be devolved through the Deal are for the legal area of the authority i.e. South Yorkshire.
- 2.4. The five northern Derbyshire and Nottinghamshire authorities are the “Non-Constituent Councils” of the Combined Authority (see figure below)⁴ as set out in the 2014 order. As not ‘full’ legal members of the authority, the SCR CA is not their transport authority and voting rights are extended by constituent members in accordance with the protocol set out in the Authority’s Constitution.

⁴ Barnsley Metropolitan Borough Council; Doncaster Metropolitan Borough Council; Rotherham Metropolitan Borough Council; Sheffield City Council; Bassetlaw District Council; Bolsover District Council; Chesterfield Borough Council; North East Derbyshire District Council and Derbyshire Dales Districts Council.

Figure 1: The constituent and non-constituent councils comprising the SCR CA



Note: the purple shading denotes the constituent councils and the grey the non-constituent

- 2.5. In July 2016 the BDRS CA Election of Mayor Order (the “**2016 order**”) established the post of the SCR Mayor. The 2016 Order was amended as from the 16 March 2017 by the BDRS Election of Mayor amendment Order (the “**2017 Order**”), which provided that the mayoral election would take place on the 3rd May 2018. The first term of office for the SCR Mayor was extended to four years, until May 2022.

The South Yorkshire Deal

- 2.6. The SCR MCA now has the opportunity to have a major transfer of resources, powers and responsibilities from Government conferred upon it and the SCR Mayor. These powers and functions were set out in the devolution agreement reached between Government and the Combined Authority in October 2015.
- 2.7. The Deal is one of the largest individual settlements for any combined authority area, relative to its population size. The Deal covers a range of themes including skills and employment; housing, planning and public assets; innovation, advanced manufacturing and business growth and transport.
- 2.8. The Deal also includes elements of fiscal devolution (retained business rates) and changes to South Yorkshire wide democratic structures, including the provision of additional powers to the SCR Mayor.
- 2.9. The Deal will strengthen the MCA with additional powers. There is no intention to take existing powers from Local Authorities. Indeed, through devolution local

councils and local leaders will be better able to exercise their democratic responsibilities through more influence over greater levels of public spending in their localities.

Conclusions of the Review

2.10. The central conclusion of this review is that the structural changes and powers set out in the Scheme (Part II):

- allow for greater collaborations between authorities, **will improve the exercise of statutory functions** in the area or areas to which the order relates over and above existing operations (see the Scheme at Part II);
- **will have a neutral or no impact on the identities of local communities** – these proposals are about the economy and not about the identity of an area which has been working closely together for a number of years;
- the arrangements **will secure more effective and convenient local government**, reduce complexity and streamline the delivery of public services within the combined authority area.

2.11. The key ‘pillars’ and rationale for this central conclusion are that:

- The Sheffield City Region MCA and LEP are delivering significant benefits for people, businesses and communities, but resources are running out;
- Growth needs to be accelerated in South Yorkshire, creating more and better opportunities for its people and businesses; and
- The Deal will create a stronger MCA, generating good growth faster for local people.

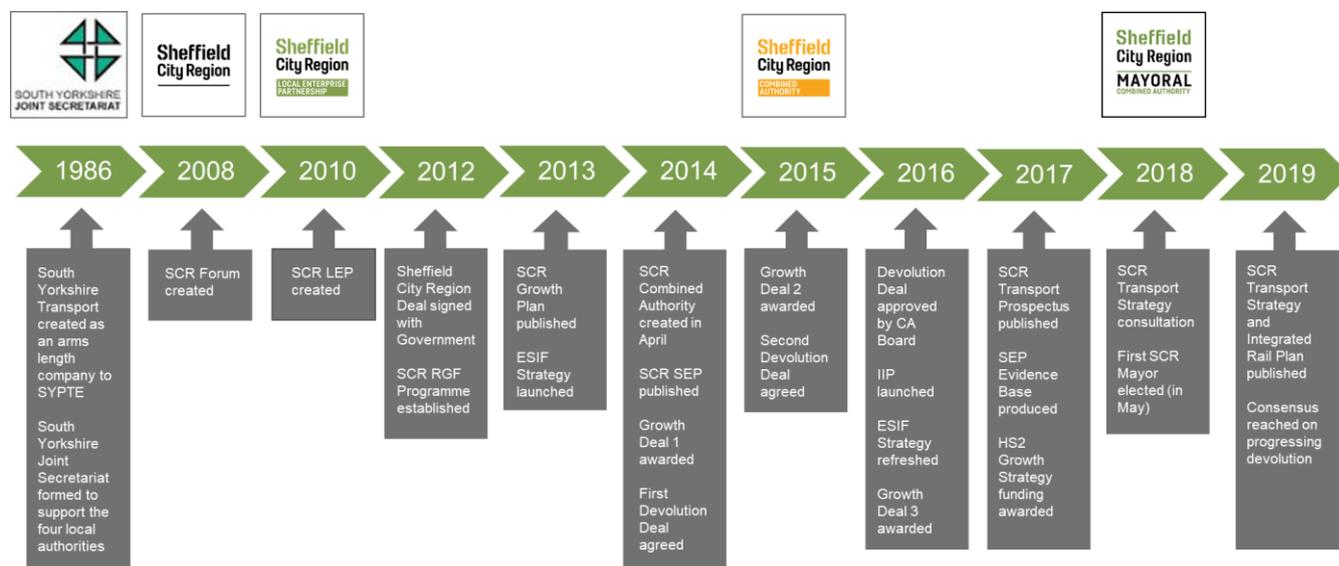
2.12. The remainder of this document expands upon those points set out above, identifies the specific powers required and sets out the Scheme for an enhanced “Mayoral” Combined Authority (Part II).

3. The MCA and LEP are delivering significant benefits

A devolution journey

- 3.1. As set out in *Figure 2* below, the region is on a “devolution journey”. This began with the SCR delivering government-led initiatives to an exceptional standard and is increasingly, through a process of “earned devolution”, leading to the devolution of substantial budgets and initiatives through a multi-year “single pot” of funding and greater retention of revenue raised locally. Such devolution is aligned with policy initiatives such as the “Northern Powerhouse” which, at its heart is about the devolution of powers and funding to the English regions to facilitate economic growth.
- 3.2. This devolution journey began some time ago, with the creation of some joint South Yorkshire services following the abolition of South Yorkshire County Council in 1986. Following the formation of the LEP in 2010, the Combined Authority in 2014 and the election of the first Combined Authority Mayor in 2018, governance arrangements have continuously evolved. With the LEP boundary changing in April 2020, to only cover a South Yorkshire geography, these arrangements continue to evolve.

Figure 2: The devolution journey so far



- 3.3. The implementation of the Deal is the next stage in this devolution journey. But it is not the final destination. Research carried out by the London Finance Commission⁵ found that in the UK, local government controls only 1.6% of GDP, compared to 6% in France, 11 % in Germany, and 16% in Sweden. Greater powers and resources need to be devolved from central to local government.
- 3.4. In terms of progressing devolution in the region, further clarity has now been derived

⁵ https://www.london.gov.uk/sites/default/files/devolution_-_a_capital_idea_lfc_2017.pdf

on the Government's position. The Secretary of State (SofS) for Housing, Communities and Local Government and the Northern Powerhouse Minister recently confirmed their support for the implementation of the South Yorkshire Devolution Deal, unlocking the benefits it offers. They also stated that subject to the positive conclusion of this Deal, the Government agrees to progress discussions on the role and functions of a Committee of Leaders from across Yorkshire, based on the existing Yorkshire Leaders Board. This builds upon previous commitments made by the Government⁶ that any authority that wishes to do so would be free to join an alternative wider Yorkshire devolution group, subject to the statutory tests being met.

Delivering benefits for people and business

3.5. Since 2012, using our local levers and the tools given by Government, the SCR MCA and LEP and its local authorities have been generating significant benefits including: creating 15,150 jobs and 2,200 apprenticeships, assisting 6,000 learners, and leveraging £319m of investment and supporting 24,000 companies. This is only the beginning. The SCR is now two thirds of the way through the delivery of its multi-year Growth Deal, which is forecast to create more than 68,000 jobs, support 14,000 learners and lever in almost £1.5bn of investment.

3.6. Key achievements made by the MCA, LEP and local authorities include:



£363.7 million Local Growth Fund (LGF) allocation on projects across the SCR.

£363.7 million



£500 million of private sector investment including with **Boeing and McLaren Automotive** has been brought into the SCR by our Trade and Investment Team.

£500 million



44,000 jobs created in the City Region's economy since 2014, with MCA and LEP activity creating **15,150** jobs.

44,000 jobs

⁶ <https://sheffieldcityregion.org.uk/wp-content/uploads/2019/05/Letter-from-the-Secretary-of-State-for-MHCLG.pdf>



24,600 businesses

24,600 businesses in SCR have received financial support through the **SCR Growth Hub** which have created 2,100 jobs.



8,384 people

8,384 people in SCR have received training through our skills development projects, including **SCR Skills Bank** and **Skills Made Easy**.

- 3.7. In addition to unlocking these opportunities for local businesses the MCA and LEP have done this in a way that has delivered value for money. In 2018/19 alone, the SCR Business Investment Fund programme created and safeguarded over 2,000 jobs from a £23m fund. This is a cost per job of £11,292, over £20,000 less (cost per job) than National Audit Office (2014)⁷ estimates for the national programme. This proves economic growth and better value for money can be achieved when programmes are commissioned, managed and delivered at a local level.
- 3.8. Whilst the funding programmes that the SCR MCA and LEP have in place, have and are delivering significant benefits, they are now nearing full commitment. In the absence of any certainty on the UK Shared Prosperity Fund, the successor to the Local Growth and European Structural Investment Funds, there is a need to secure additional resources to continue to unlock growth and opportunities in South Yorkshire.

⁷ NAO (2014) Progress Report on the Regional Growth Fund

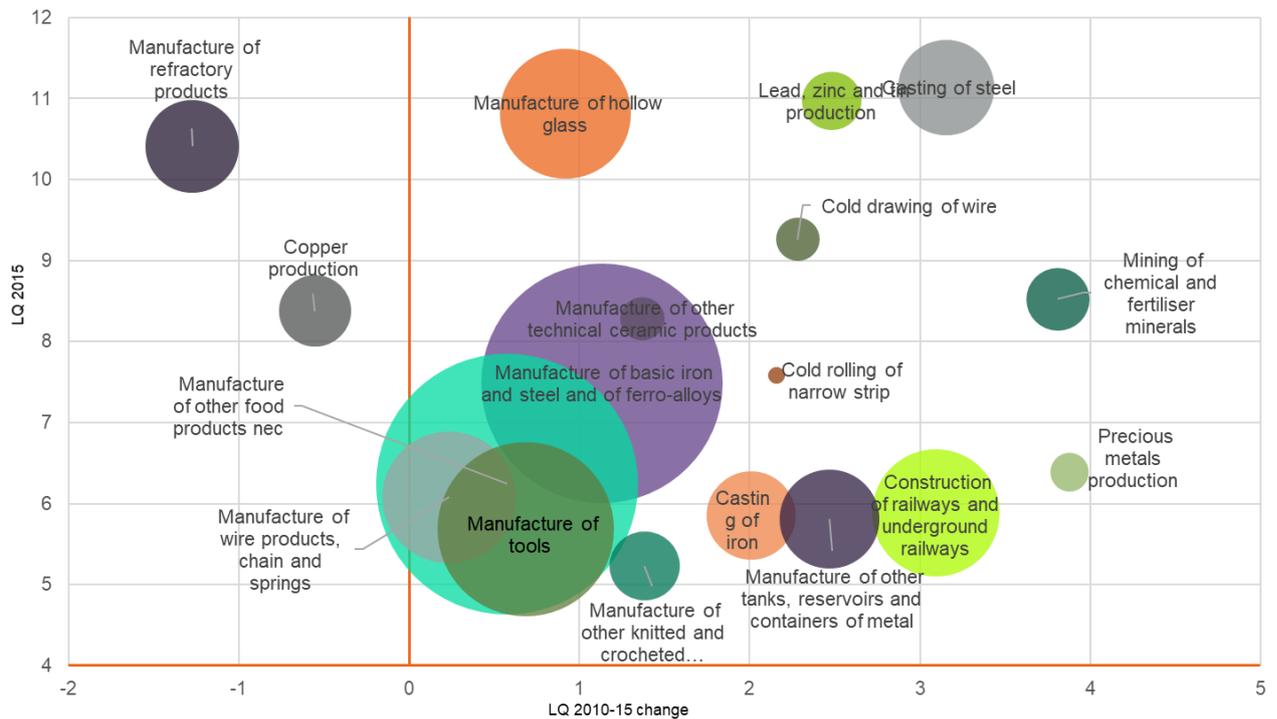
Data source: 2011 Census

- 4.3. The SCR came together at this scale because it best reflects the level at which the economy operates. The level of integration of the labour market is shown in the figure above, which reflects where people travel to work each day. Importantly this also shows the key locations people are commuting to outside of the region, with particularly strong links to West Yorkshire in the north and Derby, Derbyshire, Nottingham and Nottinghamshire in the south.

Our Strengths

- 4.4. The City Region's economy is growing. The number of jobs in the City Region has increased by 9.5% since 2011, which is marginally below the national rate of 9.8%.
- 4.5. The rate of growth of the SCR has exceeded the target rate outlined in the Strategic Economic Plan 2014-2024, and the City Region now has an annual Gross Value Added (GVA) rate of £35 billion (the economy was valued at £31 billion in 2014). The rate of GVA growth over the last ten years since the LEP was formed is 20.3%. Whilst, this is slightly below the national average growth rate of 22.6%, the Sheffield City Region is one of the fastest growing economies in England in terms of productivity – 6th fastest out of 38 LEP areas and ahead of London for the 2009 to 2016 period.
- 4.6. The SCR has a strong industrial heritage with materials and manufacturing remaining as distinctive features of the economy. With world-class specialisms in Advanced Manufacturing and Engineering, the City Region is at the forefront of innovation and a major driver of economic growth. The City Region has a large manufacturing sector with 14.1% compared to 10.1% nationally. Other key industries and employment strengths are in Construction; Materials; Logistics; Rail; Creative and Digital Industries; Education; and Health.

Figure 4: Major & growing concentrations of the industrial elements of the SCR's economy (2010–15)

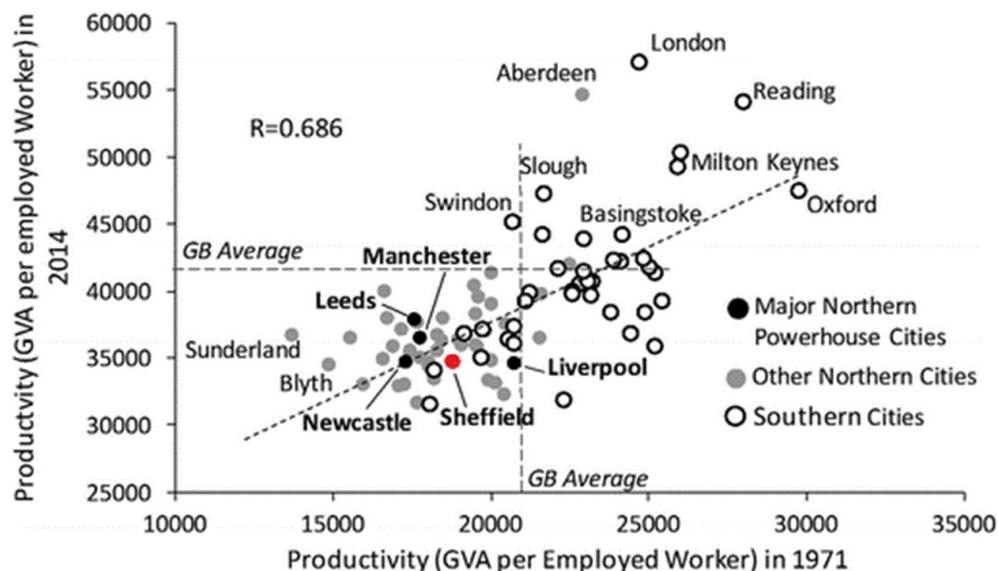


Source: Metro Dynamics Analysis using ONS BRES data (2015)

Our Challenges

4.7. In 2016, the SCR ranked 34th out of 38 LEP areas in England for GVA per head. GVA per head in the SCR is currently £18,370, which is below the UK average (£26,580) and over £5,000 lower than the UK average even when excluding London (£23,774). In addition, in terms of productivity the gap between the area the rest of the country is widening, as shown in the figure below.

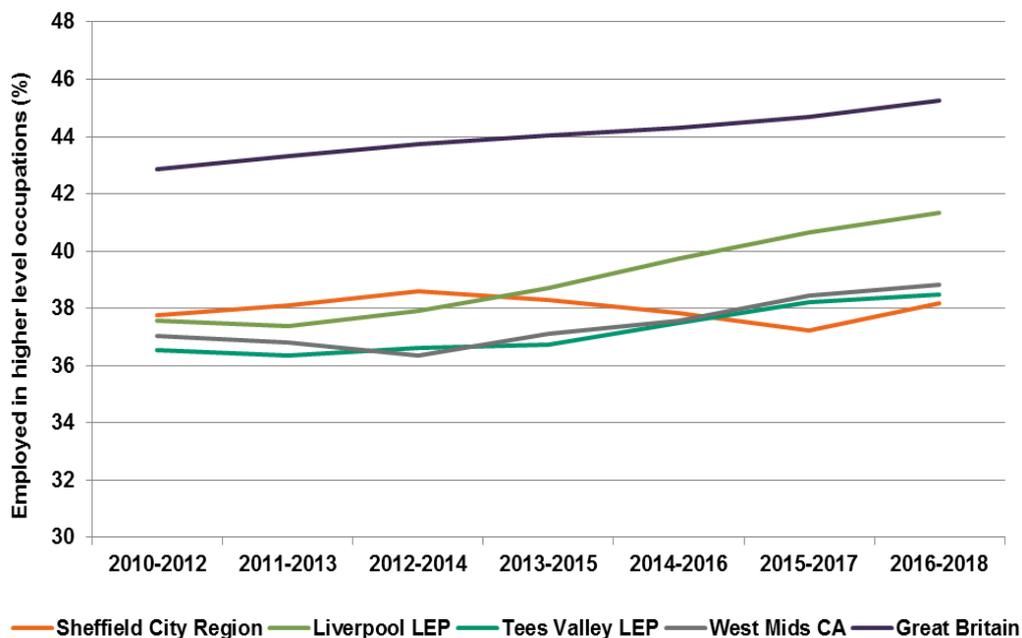
Figure 5: Labour Productivity Across British Cities in 1971 and 2014 (Gross Value Added per employed worker at 2011 prices)



Source: Joyce, R. and Xu, X (2019).

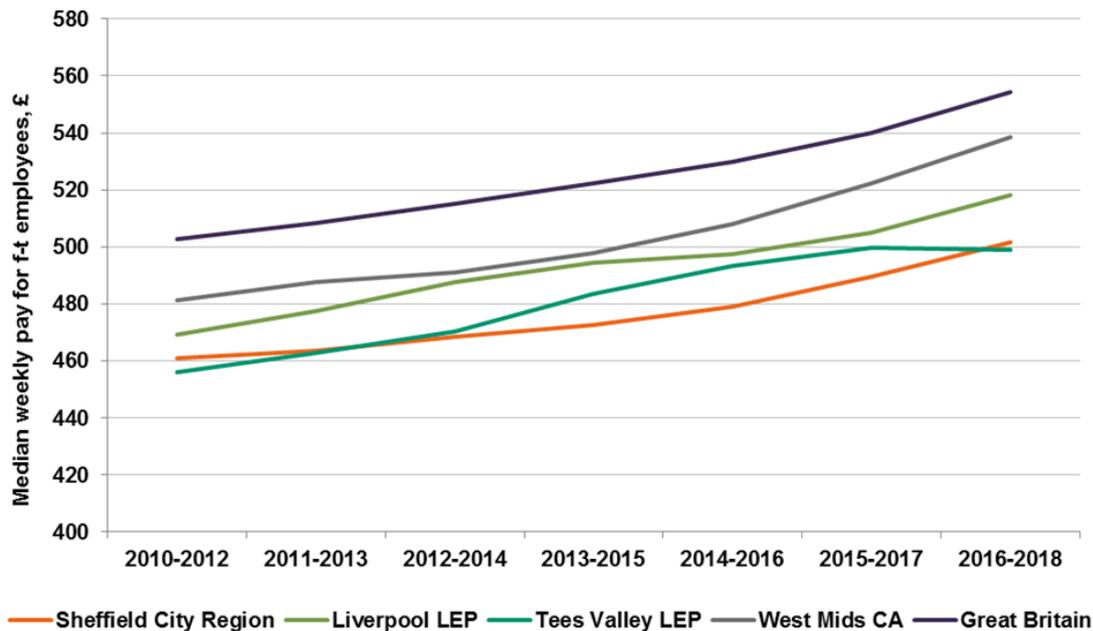
- 4.8. Whilst jobs growth in the City Region has kept pace with the rest of England, the overall employment rate in the SCR is 1.8% below the national average. There are 47,900 unemployed SCR residents, and the key concern is the level of economic inactivity, which is above the national average. The City Region has the 11th highest economic inactivity rate across the 38 LEP areas. This is, and has been, a persistent challenge since de-industrialisation in the 1980s. In 2018, there were 260,200 economically inactive residents. This includes full-time students, residents with temporary or long-term illness or disability and individuals who are caring for family members. Of this total, 82,600 people intend to seek employment (31.7% compared to 21.4% nationally). This indicates the opportunity available to move more individuals into employment if economic conditions could be improved.
- 4.9. There are significant areas of deprivation and the Sheffield City Region is the 7th most deprived LEP area in England. Too many of our residents are not in employment or training, are experiencing poor physical or mental health, or have low or no skills to help them get better jobs (see figures below). There is also a disproportionate number of low-skilled residents in low-paid, part-time and often insecure work. There is a growing problem of long-term unemployment, and a cycle of intergenerational unemployment and poverty.

Figure 6: Employment in higher level occupations



Source: CRESR Inclusive Growth Report 2019

Figure 7: Median gross weekly pay, full-time employees



Source: CRESR Inclusive Growth Report 2019

The region is developing a new Economic Strategy to build on its strengths, addressing our challenges to create more inclusive growth

- 4.10. Work is underway to develop a new Strategic Economic Plan (SEP) for the region. This will set out an ambitious vision for the future growth of the area that builds upon its strengths and weaknesses, to grow the economy at a faster rate, benefiting people and communities across the area.
- 4.11. The emerging SEP is founded upon a robust evidence base that has brought together a range of quantitative and qualitative data sources. It is also being produced collaboratively by the LEP and MCA, with partners across the City Region including the public, private, third and education sectors.
- 4.12. In developing the document consideration is also being given to the wider factors anticipated to be driving growth and change. This includes digitisation, climate change and clean energy, and the need to create inclusive growth that benefits people and communities across the region.
- 4.13. The additional powers and resources in the Deal could be used to help deliver the priorities in the new SEP, when agreed and in place.

5. The Deal will create a stronger MCA, generating good growth faster for local people

Context

- 5.1. The premise of the SCR MCA is that decisions that are about creating economic growth are best made, where possible, close to the people that they effect and that for too many years there has been an overly centralised approach to economic growth. Nationally the government has recognised that there are powers and functions that can be more effectively delivered locally. There has also been an acknowledgment locally that for some functions a wider partnership of local councils is required to deliver functions that are best done on a wider basis; namely that they better reflect the way in which the “real” economy works.
- 5.2. In October 2015, SCR political and business leaders secured a Devolution Agreement with the Chancellor of the Exchequer. The Deal involves the significant devolution of power and funding from Whitehall to South Yorkshire local leaders in the City Region including £30m of additional funding per annum for 30 years.

The South Yorkshire Deal

- 5.3. The Deal agreed was focused on economic growth. The headlines include:
 - devolved transport powers and funding – including the powers to franchise the bus network (through the Bus Services Act);
 - full devolution of the 19+ Adult Education (formerly Skills) Budget for college and training providers;
 - control of a new, flexible single pot of funding for economic growth, which incorporates an additional £30 million annual allocation over the next 30 years;
 - a greater share of the benefits of economic growth through a pilot of retention of business rate growth;
 - the co-design and co-commissioning of new employment programmes;
 - an improved approach and greater accountability to Sheffield City Region of national inward investment and trade support;
 - better use of publicly owned assets and increased planning capacity and powers to increase housing delivery and commercial development;
 - recognition of South Yorkshire assets, including the Advanced Manufacturing Innovation District and the National College for High Speed Rail / National Institute for Infrastructure.

- 5.4. The Deal provides South Yorkshire with a single pot of funding to invest in economic development. Our single pot brings together three main funding strands: (1) 'Gainshare' investment, (2) Growth Deal award and (3) a consolidated transport budget.

Stronger more accountable governance, generating real benefits

- 5.5. In return for the additional powers and resources to be devolved, government required the CA to put in place an elected metro mayor. This was established in legislation in 2016 and 2017, with the first SCR Mayor elected in May 2018. The implementation of the Deal would therefore provide the SCR Mayor and the MCA with additional powers and resources to achieve their ambitions.
- 5.6. The Deal set a number of specific functions that would be fulfilled by the SCR Mayor. These were that:
- the Mayor will chair SCR Combined Authority – and will lead a SCR Cabinet;
 - the members of the SCR Combined Authority will serve as the Mayor's Cabinet and will perform a supporting and advisory function to the Mayor and Combined Authority;
 - where powers reside with the Mayor the SCR Cabinet may ask the Mayor to reconsider Mayoral strategies and funding plans if two-thirds of the members agree to do so;
 - on some planning arrangements, specifically the creation of the SCR Spatial Framework unanimous approval from CA members will be required; and
 - the Mayor will also be a member of the LEP.
- 5.7. Further points of detail, including powers, functions, membership and voting arrangements are set out in greater detail in the following chapter and in the Scheme at part II of this document.
- 5.8. The proposed strengthened MCA model will give the direct accountability and streamlined decision making which Government wish to see in place for devolution of functions, powers and resources to South Yorkshire. A governance structure of a directly elected Mayor and Combined Authority, provides strong leadership, whilst protecting the integrity and the existing role and functions of local authorities. The mayoral model is part of the SCR MCA and LEP, thus maintaining the integrated approach to governance which the City Region has worked consistently to develop.

The powers to deliver the Deal

- 5.9. Whilst ambitious, a proportion of what the SCR MCA is seeking to achieve through

the Deal can be achieved through the existing powers and functions of the Authority or without the need for legislative change. For example, the SCR has worked increasingly closely with the Department for International Trade in recent years. However, as detailed in Part II of this document (the Scheme) some additional powers are required in order to deliver the Deal.

- 5.10. The powers, functions and resources that are included in this governance review and the Scheme that has been developed on the basis of this review are all proposed in order to support the delivery of the Strategic Economic Plan, the Transport Strategy and deliver the Deal. More detail as to how we expect each element of the additional powers and functions proposed in this governance review and scheme to support the exercise of the MCA’s statutory functions, is set out in the table below.
- 5.11. The review has operated on the principle that devolution is not about taking away powers from constituent councils, but about drawing down powers from central government or government agencies or alternatively drawing into South Yorkshire powers which are exercisable in London. Therefore, where the Scheme proposes that there should be conferred on SCR MCA functions of constituent councils (mainly in the area of skills and training) these will only be exercisable concurrently (and rather by) with the constituent council and will be subject to agreed protocols.
- 5.12. The powers outlined below are those that require legislative or regulatory change before they can be exercised by the SCR MCA or Mayor.

Table 1: Rationale for the powers and functions sought through the Scheme

Theme Power(s)	Rationale
Skills and education	
Conferral of local authority and central government training and skills functions to the Combined Authority, to be exercised concurrently with constituent local authorities and the Secretary of State.	Further education provision generally services local labour markets. By devolving the Adult Education Budget and conferring the appropriate powers on the SCR MCA we expect that the provision of adult skills in South Yorkshire will be better aligned with locally determined priorities to ensure that residents have the skills required to help businesses to grow, innovate and diversify. A trained and skilled workforce will help to create good growth within the region.
Housing and regeneration	
Housing and Regeneration powers	SCR MCA is requesting a number of housing

Theme Power(s)	Rationale
<p>including Homes England (HE) functions to be exercised concurrently with HE, specifically:</p> <ul style="list-style-type: none"> ● to improve the supply and quality of housing; ● to secure the regeneration or development of land or infrastructure; ● to support in other ways the creation, regeneration and development of communities or their continued well-being; and ● to contribute to the achievement of sustainable development and good design. 	<p>powers (concurrent with the HE and Local Authorities and taken from the Housing and Regeneration Act 2008) which relate to ‘improving the supply and quality of housing’ and ‘securing the regeneration or development of land or infrastructure’.</p> <p>These powers very much reflect the direction of travel and future role of the SCR MCA in housing delivery. In addition, they complement the Mayoral Development Corporation (MDC) powers, enabling a range of activity to be carried out across South Yorkshire.</p>
Spatial planning	
<p>Mayoral strategic planning powers including:</p> <ul style="list-style-type: none"> ● the creation of a non- statutory spatial framework for South Yorkshire; ● Compulsory Purchase Powers in line with those held by the HE; and ● the power to establish Mayoral Development Corporations. 	<p>The South Yorkshire Strategic Spatial Framework will enable an informed, integrated approach to be taken to spatial planning across the region, based on a clear understanding of the role of our places and the connections between them. The development of the non- statutory Framework would also need to take into account the position of existing adopted Local Plans. Similarly, local plans being prepared would need to take into account the Framework.</p> <p>The additional Mayoral planning powers will enable the SCR Mayor and the Combined Authority to drive development and regeneration across the area.</p>
Transport	
<p>Transport powers including the central government power to provide grants to highway authorities, power to reach agreements with other bodies about</p>	<p>By providing the MCA with the ability to manage the provision of public transport services, there will be the opportunity for better services, aligned transport investment</p>

Theme Power(s)	Rationale
<p>the management of the strategic highway network, bus operating powers</p>	<p>and the delivery of integrated smart ticketing and working with other transport bodies. This work will be aided by the creation of a devolved and consolidated transport budget which will enable the SCR MCA to invest in local transport priorities.</p>
Constitutional and governance matters	
<p>The MCA/Mayor will have a general power of competence, allowing the MCA/Mayor further scope to deliver economic improvement for the area within the budgets agreed by the MCA</p> <p>Legislation will make provision for the SCR Mayor to appoint a political advisor and will set out the terms and conditions of such an appointment.</p> <p>Whilst not powers to be devolved or transferred, the legislation to be drafted will also determine a number of constitutional and governance issues including amendments to the 2014 Order, including:</p> <ul style="list-style-type: none"> ● Mayoral and non-mayoral functions; ● Voting rights and majorities; ● Mayoral remuneration; and ● Clarify the manner in which a Vice Chair is appointed. 	<p>A general power of competence will allow the proposals for spatial planning to be delivered and will give the MCA equivalent powers to that of the constituent councils to assist the MCA in delivering economic growth.</p> <p>Such arrangements will ensure the effective operation of SCR governance arrangements, including clear arrangements to ensure transparency and accountability.</p>
Finance	
<ul style="list-style-type: none"> ● Introduction of a Mayoral precept to support the discharge of mayoral functions. ● SCR CA borrowing powers. 	<p>A precept would offer greater transparency to SCR residents in relation to the funding of Mayoral functions.</p> <p>The SCR CA can currently only borrow in relation to transport functions. This limits the ability of the SCR to raise investment funds that</p>

Theme Power(s)	Rationale
	can be used to invest in projects that generate economic growth.

5.13. The Deal and thus the powers set out in the table above were intentionally negotiated with Government to focus on economic growth, rather than wider factors such as blue light services or health. Securing these additional powers for the SCR MCA and Mayor therefore better enable the Authority to fulfil its role in this area. But given its role remains consistently focused on the economy and not the identity of an area that has been working closely together for a number of years (see figure 2) these proposals are considered to have a neutral impact on the identities of local communities.

The successes in other MCAs, with powers in place, illustrates what can be achieved

5.14. The benefits that can be generated through the MCA models that have powers in place are shown by the successes being generated across the country where these arrangements have been established. The initiatives that they are bringing forward, additional powers and investment that has been unlocked from government (for example, more than a billion pounds of direct investment from the Transforming Cities Fund), and their engagement with local people is testament to the benefits that can be achieved.

6. Powers and functions to be conferred on the SCR MCA and Mayor

- 6.1. This chapter details how the MCA needs to evolve (through the addition of new powers and/or duties) to deliver the Deal. Unless otherwise stated, the areas of these powers will be consistent with the area of the MCA i.e. that of the constituent members of the MCA (South Yorkshire). Should that membership change (either now or in the future) then the scope of these powers shall change accordingly.

Table 2: Summary of the Deal and any required powers and/or duties

Theme	The Deal (substantive elements)	Specific powers / duties required to deliver the deal
<p>Skills and education</p>	<p>The Government will: fully devolve the 19+ adult skills budget to the Sheffield City Region Combined Authority from academic year 2021/22 (subject to readiness conditions).</p>	<p>The Department for Education take the view that powers and/or duties contained in the following legislation should be transferred from the Secretary of State to the MCA or exercised concurrently with the MCA:</p> <ul style="list-style-type: none"> A. Apprenticeship, Skills, Children and Learning Act 2009 (ASCAL 2009) as amended by the Deregulation Act 2015. B. Employment and Training Act 1973. <p>Details of the specific provisions will be provided by the Secretary of State in due course</p> <p><u>Local Authority powers to be exercised concurrently by the MCA</u> (i.e. these would be CA/non-mayoral powers). <i>Education and Skills Act 2008</i></p> <ul style="list-style-type: none"> A. Section 10 (duty to promote the effective participation in education or training) and Section 12 (duty to make arrangements to identify persons not in education or training). B. Sections 68 (provision of services to encourage, enable or assist the effective participation of those persons in education or training), Section 70 (local education authorities: supplementary powers) and Section 71 (provision of support on conditional basis: learning and support agreements). <p>Education Act 1996</p> <ul style="list-style-type: none"> A. Section 13A (duty to promote high standards in primary and

		<p>secondary education).</p> <p>B. Sections 15A and 15B (functions in respect of full-time education for 16 to 18 year olds / education for persons over 19).</p> <p>Further and Higher Education Act 1992</p> <p>A. Section 51A (provision of education services for named individuals).</p>
Employment	Sheffield City Region Combined Authority will work with DWP to co-design the future employment support , for harder-to-help claimants, many of whom are currently referred to the Work Programme and Work Choice .	No specific additional powers and/or duties required to implement this aspect of the Deal at this stage.
Housing and regeneration	HMG will work with Sheffield City Region to support the operation of the Joint Assets Board , and support better coordination on asset sales.	<p>A. The MCA to exercise the objectives and functions of Homes England and under Section 2(1) and Section 3-12, 17 and 18-19 of the Housing and Regeneration Act 2008 (“H&R Act 2008”). These functions to be exercised concurrently with HE with respect to the area of the MCA.</p> <p>B. These functions would be non-Mayoral functions with the exception of the specific HE compulsory purchase powers (which would be a mayoral function). The functions are:</p> <ul style="list-style-type: none"> i. to improve the supply and quality of housing; ii. to secure the regeneration or development of land or infrastructure; iii. to support in other ways the creation, regeneration and development of communities or their continued well-being; and iv. to contribute to the achievement of sustainable development and good design. <p>C. In order to achieve the objectives above, the MCA should</p>

		<p>have the power of compulsory purchase in s.9 of the H&R Act 2008.</p>
<p>Spatial planning</p>	<p>The Sheffield City Region Combined Authority Mayor will also exercise strategic planning powers to support and accelerate these [devolution] ambitions. This will include the power to:</p> <ul style="list-style-type: none"> A. Create a spatial framework, which will act as the framework for managing planning across the Sheffield City Region, and with which all Local Development Plans will be in strategic alignment. The spatial framework will need to be approved by unanimous vote of the members appointed by constituent councils of the Mayoral Combined Authority. This approach must not delay any Local Development Plans, and will build upon the local plans being developed. B. Create supplementary planning documents, subject to approval processes in paragraph 21a [of the Deal]. C. Create Mayoral Development Corporations, which will support delivery on strategic sites in the Sheffield City Region. This power will be exercised with the consent of the Cabinet member in which the Development Corporation is to be used. 	<p><u>Spatial Framework</u></p> <p>The SCR Mayor may, utilising the general power of competence, prepare publish for consultation and adopt a non-statutory spatial development plan along with any necessary guidance on its interpretation (together “Spatial Development Framework”) to act as a framework for managing strategic planning across the Combined Authority area.</p> <p>Before doing so, the SCR Mayor will have regard to the local plans of constituent member (and non-constituent members of the CA to the extent to which this is appropriate).</p> <p>The publication and adoption of any documents constituting the Spatial Development Framework requires the unanimous consent of constituent members of the MCA and the SCR Mayor.</p> <p>Once agreed, constituent members will have regard to this spatial development framework when setting their respective development plans and strategies and the framework may be a material consideration in planning</p> <p><u>Mayoral Development Areas</u></p> <p>The MCA should have functions equivalent to London Mayor under Part 8 Chapter 2 of Localism Act 2011 in respect of designating an area a Mayoral Development Area and related</p>

		<p>Town and country Planning functions.</p> <p>The functions to be Mayoral functions. Any function exercisable by the SCR Mayor to designate an area to be exercised only with the consent of the MCA member for the area(s) of the Mayoral Development Area.</p>
<p>Transport</p>	<p>The directly elected Mayor of the Sheffield City Region Combined Authority will be responsible for a devolved and consolidated local transport budget for the area of the Combined Authority (i.e. the areas of the constituent councils), including all relevant devolved highways funding, with a multi-year settlement to be agreed at the Spending Review. Functions will be devolved to the Sheffield City Region Combined Authority accordingly, to be exercised by the Mayor.</p> <p>The directly elected Mayor of the Sheffield City Region Combined Authority will be able to utilise functions, granted to the Mayoral Combined Authority, for the franchising of bus services in the area of the Combined Authority through the Bus Services Act 2017.</p> <p>This will help to facilitate, amongst other matters, the delivery of integrated smart ticketing across all local modes of transport in the city region, working as part of Transport for the North on their plans for smart ticketing across the North.</p> <p>Government, in consultation with Sheffield City Region, will continue to explore options to give Sheffield City Region</p>	<p><u>Consolidated Transport Budget</u></p> <p>The MCA should be able to exercise the functions of a Minister of the Crown contained in s.31 Local Government Act 2003 to pay grants to the constituent councils for exercising highway functions. This function is a Mayoral function exercisable concurrently with a Minister of the Crown.</p> <p><u>Mayoral Bus Powers</u></p> <p><i>Bus Services Act 2017</i></p> <p>Mayoral Bus Franchising - the power for a Mayor to franchise bus services in a CA Area.</p> <p><u>MCA Bus Powers</u></p> <p>Bus Services Act 2017 - Enhanced Voluntary Partnerships (Power for a CA to promote an enhanced version of the voluntary Partnership model).</p> <p><u>Key Route Network</u></p> <p>A. There will be no transfer of statutory responsibility for</p>

	<p>Combined Authority more control over the planning and delivery of local transport schemes, particularly in preparation for HS2. This could include changes to the way that Transport and Works Act Orders are 13 granted, if practical proposals for improving and speeding up the process are identified.</p> <p>The directly elected Mayor of the Sheffield City Region Combined Authority will take responsibility for an identified Key Route Network of local authority roads that will be collaboratively managed and maintained at a City Region level by the Sheffield City Region Combined Authority across the areas of the constituent councils.</p>	<p>such roads from the existing highway authorities. The identified network will be collaboratively managed and at the City Region level by the respective Highway Authorities in partnership with the SCR Mayor (who would be responsible for the overall coordination of the collaborative arrangements).</p> <p>B. Responsibility for resourcing maintenance and operational management of the network would remain the responsibility of the respective highway authorities.</p> <p>C. The function of the Secretary of State under Section 6 Highways Act 1980 and the function of a local authority under Section 8 of the Highways Act 1980 to enter into agreements in relation to the construction, improvement, maintenance etc of a highway should be functions exercisable concurrently by the MCA as non-mayoral functions.</p>
Trade and investment	HM Government commits to strengthening support available for both trade and investment in the Sheffield City Region.	No specific additional powers and/or duties required to implement this aspect of the Deal.
Innovation	Through utilisation of the additional resources in the single pot it is expected that Sheffield City Region Combined Authority will bring forward a set of ambitious proposals to enhance the Advanced Manufacturing Innovation District. The Sheffield City Region will work with HM Government to achieve their ambitions for a National Institute for Infrastructure within Doncaster... .	No specific additional powers and/or duties required to implement this aspect of the Deal.
Business growth and support	Government and the Sheffield City Region Combined Authority will agree a joint programme to create the right environment	No specific additional powers and/or duties required to implement this aspect of the Deal.

	<p>to drive the commercial rollout of ultrafast broadband. Government will also support the SCR Combined Authority to reinvest funds into creative solutions to supplying superfast broadband to the last 5%.</p>	
<p>Constitutional and governance matters</p>	<p>The directly elected Mayor for Sheffield City Region Combined Authority will autonomously exercise new powers. The Mayor will chair the Sheffield City Region Combined Authority, the members of which will serve as the Mayor’s Cabinet. The Mayor and the Sheffield City Region Combined Authority will be scrutinised and held to account by the SCR Overview and Scrutiny committee(s). The SCR Mayor will also be required to consult the SCR CA Cabinet on his/her strategies, which it may reject if two-thirds of the members agree to do so. The SCR Cabinet will also examine the Mayor’s spending plans and will be able to amend his/her plans, if two-thirds of the members who have been appointed by constituent councils agree to do so.</p> <p>Proposals for decision by the Combined Authority may be put forward by the Mayor or any Cabinet Member. The Mayor will have one vote as will other voting members. Any questions that are to be decided by the Combined Authority are to be decided by a majority of the members present and voting, subject to that majority including the vote of the Mayor, unless otherwise set out in legislation, or specifically delegated through the Authority's Constitution.</p>	<ul style="list-style-type: none"> A. There should be provision in the Order for the MCA to pay an allowance to the SCR Mayor and their deputy, following consideration of a report of an Independent Remuneration Panel. B. There should be provision in the Order to enable the SCR Mayor to appoint one person as the Mayor’s political advisor. C. The Order shall clarify the chairing arrangements by removing Schedule1 Paragraph 2 of the Barnsley, Doncaster, Rotherham and Sheffield Combined Authority Order 2014. The SCR Mayor chairs the MCA in accordance with the provisions of s.107A LDEDC. D. The MCA’s Constitution will be amended to reflect that in respect of the exercise of any function devolved to the MCA that are not functions exercisable by the SCR Mayor in an Order made by the Secretary of State as a consequence of this Scheme, the SCR Mayor must be part of the majority of members present and voting on the exercise of such functions. E. The MCA’s Constitution will be amended to reflect that the exercise of the function to create and adopt a Spatial Development Framework will require unanimity of the Constituent Members and the SCR Mayor.

<p>Funding / fiscal</p>	<p>HM Government agrees to allocate an additional £30m per annum of capital and revenue funding for 30 years, which will form part of and capitalise the Sheffield City Region Combined Authority single pot. This will fund key City Region priorities and will be composed of 60% capital and 40% revenue. The fund will be subject to 5-yearly gateway assessments to confirm the spend has contributed to national growth.</p> <p>The Cities and Local Government Devolution Act 2016 established the principles which will govern further prudential borrowing for combined authorities.</p> <p>HM Government will pilot a scheme in Sheffield City Region Combined Authority which will enable the area to retain 100% of any additional business rate growth beyond expected forecasts. These pilots will begin, subject to further detailed discussions between the Combined Authority and HM Government. HM Government will also discuss wider localisation of business rates with the Sheffield City Region Combined Authority.</p>	<p><u>Borrowing powers</u></p> <p>By virtue of section 23(5) LGA 2003, a combined authority may borrow in relation to “any other functions of the authority that are specified for the purpose of [section 23(5)] in regulations made by the Secretary of State”. Such functions include mayoral and non-mayoral functions. It is proposed that the regulations be amended to provide for the MCA to have borrowing powers in respect of all of its functions.</p> <p>Other costs of the MCA for non-Mayoral functions, that are not raised by way of a levy (and are not met from devolved or other funds) shall be met by the constituent and non-constituent councils. Such costs shall be apportioned between the Councils in such proportions as they shall agree.</p> <p><u>Mayoral Precept</u></p> <p>Costs in respect of Mayoral functions that are not met from devolved funds or otherwise shall be raised by way of a Mayoral precept. The budget for Mayoral expenditure shall be subject to the agreement of the MCA (excluding the Mayor) in accordance with The Combined Authorities (Finance) Order 2107.</p> <p><u>Budget approval</u></p> <p>Devolved funding provided by way of grant funding (except the devolved capital highway funding) shall be allocated through the amalgamation of such funding into a combined Single Pot to be defrayed as agreed by the majority of MCA members, including the SCR Mayor.</p>
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		<p>The MCA will agree an annual budget for the purpose of all of the above expenditure prior to the statutory procedure for the approval of the Mayoral budget and the issuing of any Mayoral precept.</p>
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7. Conclusion

7.1. It is considered that the conferral of additional functions on the SCR MCA and Mayor, as recommended by this Review and incorporated in the Scheme, would be likely to improve the exercise of statutory functions in relation to the area of the Sheffield City Region Combined Authority at the appropriate local level. It will:

- allow for greater collaborations between authorities, **will improve the exercise of statutory functions** in the area or areas to which the order relates over and above existing operations (see the Scheme at Part II);
- **have a neutral or no impact on the identities of local communities** – these proposals are about the economy and not about the identity of an area which has been working closely together for a number of years;
- **secure more effective and convenient local government**, reduce complexity and streamline the delivery of public services within the combined authority area.

7.2. The key ‘pillars’ and rationale for this central conclusion are that:

- The Sheffield City Region MCA and LEP are delivering significant benefits for people, businesses and communities, but resources are running out;
- Growth needs to be accelerated in South Yorkshire, creating more and better opportunities for its people and businesses; and
- The Deal will create a stronger MCA, generating good growth faster for local people.

7.3. Each specific function and power has been detailed in the review and the rationale for the conferral of the required powers on the Sheffield City Region MCA and SCR Mayor has been appropriately made.

7.4. The functions and powers detailed in this Governance Review and Scheme would give effect to the Deal and with this and any potential future agreement of devolution deals, improve the ability of the Mayoral Combined Authority to deliver growth and reform for the people and businesses of the Sheffield City Region.

7.5. As can be seen through an analysis of the other mayoral combined authorities across the country, securing additional powers, resources and functions enables greater results for their communities than would otherwise be the case. With South Yorkshire already having an MCA and elected mayor in place this provides a solid foundation upon which to build.

Part II

Scheme

8. Introduction

- 8.1. The Barnsley, Doncaster, Rotherham and Sheffield Combined Authority (MCA) was established in 2014 to work closely with local councils, the LEP, Government, universities and business to grow the sub-regional economy for the benefit of its residents.
- 8.2. In 2015 the MCA agreed a devolution agreement⁸ with Central Government subject to securing a statutory order to give the MCA and the SCR Mayor the functions needed to implement the agreement. The Deal will, amongst other matters secure:
 - £30m per annum of additional funding known as “gainshare”;
 - New powers to support housing development;
 - New powers to ensure post 16+ skills training is delivered effectively; and
 - A consolidated, multi-year transport budget.
- 8.3. This scheme proposes building on the existing MCA by securing the required devolved functions to both the MCA and the SCR Mayor (elected in May 2018) in order to deliver the Deal. This scheme proposes devolving additional functions to the MCA (being powers in addition to the functions provided for in the MCA’s 2014 Establishment Order).
- 8.4. This scheme is prepared and published under Section 112 Local Democracy, Economic Development and Construction Act 2009 (LDEDC) following a review under Section 111 of that Act concluded that the making of an order to provide the CA and the SCR Mayor with the additional functions set out in the scheme and the changes to the constitutional arrangements would be likely to improve the exercise of statutory functions in relation to the area of the MCA. The proposals in the scheme will be the subject of a public consultation.
- 8.5. The Scheme provides as follows:

⁸ https://sheffieldcityregion.org.uk/wp-content/uploads/2018/03/Sheffield_devolution_deal_October_2015_with_signatures.pdf

9. Functions

Overview

There should be conferred on the MCA/Mayor the following additional functions, all of which, unless otherwise stated, are to be exercised concurrently with the constituent councils or public authority which have the function by virtue of any enactment:

Skills and Education

- 9.1. The MCA should have the functions of a local authority under sections 10 and 12 of the Education and Skills Act 2008 to ensure that its functions are exercised so as to promote the effective participation in education and training of relevant persons in its area aged 16 and 17, and to make arrangements to enable it to establish (so far as possible) the identities of such relevant persons.
- 9.2. The MCA should have the functions of a local authority under sections 68, 70 and 71 of the Education and Skills Act 2008 to make available to young persons and relevant young adults such support services as it considers appropriate to encourage, enable and assist the effective participation of such persons in education and training.
- 9.3. The MCA should have the function under section 13A of the Education Act 1996 to ensure that their education and training functions are exercised with a view to promoting high standards, fair access to opportunity for education and training, and the fulfilment of learning potential, and the functions under section 15A and 15B of the Education Act 1996 in respect of education for persons between 16 and 18 and over 19 years.
- 9.4. The MCA should have the function under section 51A of the Further and Higher Education Act 1992 to require relevant institutions in the further education sector to provide appropriate education to specified individuals aged between 16 and 18 years.
- 9.5. The MCA should have the functions of the Secretary of State under sections 2 and 10A of the Employment and Training Act 1973 to be exercised in MCA area concurrently with the Secretary of State to make appropriate arrangements for the purpose of assisting persons to train for, obtain and retain suitable employment, and to enter into agreements for the provision of ancillary goods and services.
- 9.6. The MCA should have the function of the Secretary of State under Section 83 of the Apprenticeships, Skills, Children and Learning Act 2009 to be exercised in MCA area concurrently with the Secretary of State to secure the provision of facilities for suitable apprenticeship training for persons between 16 and 18 years and for those between 19 and 24 years (for whom an EHC plan is maintained).
- 9.7. The above functions would be non-mayoral functions and exercisable concurrently with the constituent councils or the Secretary of State, as applicable.

Housing

- 9.8. The MCA should be able to exercise the objectives and functions of Homes England (“HE”) under Section 2(1) and Section 3-12, 17 and 18-19 of the Housing and Regeneration Act 2008 (“H&R Act 2008”). These functions to be exercised concurrently with HE with respect to the area of the MCA. These functions will be non-Mayoral functions.
- 9.9. The objectives/functions referred to in 9.8 above are:
- to improve the supply and quality of housing;
 - to secure the regeneration or development of land or infrastructure;
 - to support in other ways the creation, regeneration and development of communities or their continued well-being; and
 - to contribute to the achievement of sustainable development and good design.
- 9.10. These functions include powers enabling the achievement of the above objects, including a power of compulsory purchase in Section 9 of the H & R A 2008 with the benefit of the no scheme principle in s.32 Neighbourhood Planning Act 2017.

Planning – Spatial Development Framework

- 9.11. The SCR Mayor may, utilising the general power of competence, prepare, publish for consultation and adopt a non-statutory spatial development plan along with any necessary guidance on its interpretation (together “Spatial Development Framework”) to act as a framework for managing strategic planning across the Combined Authority area.
- 9.12. Before doing so, the SCR Mayor will have regard to the local plans of constituent member (and non-constituent members of the MCA to the extent to which this is appropriate).
- 9.13. The publication and adoption of any documents constituting the Spatial Development Framework requires the unanimous consent of constituent members of the MCA and the SCR Mayor.
- 9.14. Once agreed, constituent members will have regard to this spatial development framework when setting their respective development plans and strategies and the framework may be a material consideration in planning decisions of the Secretary of State, constituent and non-constituent members.

Planning – Mayoral Development Areas

- 9.15. The MCA should have functions equivalent to London Mayor under Part 8 Chapter 2 of Localism Act 2011 in respect of designating an area a Mayoral Development Area and related Town and Country Planning functions.
- 9.16. The functions to be Mayoral functions. Any function exercisable by the SCR Mayor to designate an area to be exercised only with the consent of the MCA member for the area(s) of the Mayoral Development Area.

Transport

- 9.17. The MCA should have control of the consolidated devolved capital transport budget, comprising the following funding:
- Integrated Transport Block;
 - Highways Maintenance Block (not including PFI); and
 - Highways Maintenance incentive funding.
- 9.18. This budget will be controlled by the SCR Mayor and in order to do so the MCA should be able to exercise the functions of a Minister of Crown contained in s.31 Local Government Act 2003 to pay grants to the constituent councils for exercising highway functions. This function is a Mayoral function exercisable concurrently with a Minister of the Crown.
- 9.19. Responsibility for a Key Route Network -There will be no transfer of statutory responsibility for such roads from the existing highway authorities. The identified network will be collaboratively managed at the South Yorkshire level by the respective Highway Authorities in partnership with the SCR Mayor (who would be responsible for the overall coordination of the collaborative arrangements). Responsibility for resourcing maintenance and operational management of the network would remain the responsibility of the respective highway authorities. The function of the Secretary of State under Section 6 Highways Act 1980 and the function of a local authority under Section 8 of the Highways Act 1980 to enter into agreements in relation to the construction, improvement, maintenance etc of a highway should be functions exercisable concurrently by the MCA as non-mayoral functions.

General Power of Competence

- 9.20. The MCA should be given the functions in section 1 of the Localism Act 2011 in relation to the MCA area.

10. Constitutional Matters

- 10.1. There should be provision in the Order for the MCA to pay an allowance to the SCR Mayor and their deputy, following consideration of a report of an Independent Remuneration Panel.
- 10.2. There should be provision in the Order to enable the SCR Mayor to appoint one person as the Mayor's political advisor.
- 10.3. The Order shall clarify the charring arrangements by removing Schedule1 Paragraph 2 of the Barnsley, Doncaster, Rotherham and Sheffield Combined Authority Order 2014. The SCR Mayor chairs the MCA in accordance with the provisions of s.107A LDEDC.
- 10.4. The MCA's Constitution will be amended to reflect that in respect of the exercise of any function devolved to the MCA that are not functions exercisable by the SCR Mayor in an Order made by the Secretary of State as a consequence of this Scheme, the SCR Mayor must be part of the majority of members present and voting on the exercise of such functions. For existing MCA powers and functions, decisions will continue to be made on the basis of a simple majority of members present and voting.
- 10.5. The MCA's Constitution will be amended to reflect that the exercise of the function to create and adopt a Spatial Development Framework will require unanimity of the Constituent Members and the SCR Mayor.

11. Funding

- 11.1. The MCA, as a levying body under Section 74 of the Local Government Finance Act 1988, shall have the power to issue a levy to its constituent councils in respect of the expenses and liabilities of the MCA which are reasonably attributable to the exercise of its transport functions. The amount to be raised by the levy shall be apportioned between the constituent members on a per capita basis (or as otherwise agreed).
- 11.2. Other costs of the MCA for non-Mayoral functions, that are not raised by way of a levy (and are not met from devolved or other funds) shall be met by the constituent and non-constituent councils. Such costs shall be apportioned between the Councils in such proportions as they shall agree.
- 11.3. Costs in respect of Mayoral functions that are not met from devolved funds or otherwise shall be raised by way of a Mayoral precept. The budget for Mayoral expenditure shall be subject to the agreement of the MCA (excluding the SCR Mayor) in accordance with The Combined Authorities (Finance) Order 2107.
- 11.4. Devolved funding provided by way of grant funding (except the devolved capital highway funding referred to in 9.17 above) shall be allocated through the amalgamation of such funding into a combined Single Pot to be defrayed as agreed by the majority of MCA members, including the SCR Mayor.
- 11.5. The MCA will have borrowing powers to support any expenditure in respect of Mayoral or non-Mayoral functions. This power will be subject to borrowing limits agreed between the MCA and HM Treasury.
- 11.6. The MCA will agree an annual budget for the purpose of all of the above expenditure prior to the statutory procedure for the approval of the Mayoral budget and the issuing of any Mayoral precept.

Annex A – Proposed Consultees

Confederation of British Industry
Education and Skills Funding Agency
English Heritage
Federation of Small Businesses
Chambers of Commerce
Government Departments
Highways England
Homes England
Institute of Directors
Job Centre Plus
Local Authorities (constituent, non-constituent and neighbouring)
Local Enterprise Partnership (and neighbouring LEPs)
Members of Parliament
National Housing Federation
Natural England
Neighbouring Combined Authorities
Police and Crime Commissioner
Sport England
Trade Unions
SYPTE
The Environment Agency
United Utilities
Universities and Colleges
Wildlife Trust