

To all Members of the

## **OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE**

### **AGENDA**

Notice is given that an Extraordinary Meeting of the above Committee is to be held as follows:

**VENUE:** Council Chamber - Civic Office, Doncaster  
**DATE:** Tuesday, 12th January, 2016  
**TIME:** 5.00 pm

*Members of the public are welcome to attend*

#### **Items for Discussion:**

1. Apologies for absence.
2. To consider the extent, if any, to which the public and press are to be excluded from the meeting.
3. Declarations of Interest, if any.

#### **A. Items where the Public and Press may not be excluded.**

4. Public Statements.

***[A period not exceeding 20 minutes for statements from up to 5 members of the public in relation to the agenda item as set out below, for consideration at today's meeting.]***

5. Sheffield City Region proposed Devolution Deal. *(Pages 1 - 28)*

Jo Miller  
Chief Executive

If you require any information on how to get to the meeting by Public Transport, please contact  
(01709) 515151 – Calls at the local rate

Issued on: Monday, 4th January, 2016

Scrutiny Officer  
for this meeting:

Caroline Martin  
Tel. 01302 734941

**MEMBERSHIP OF THE OVERVIEW AND SCRUTINY MANAGEMENT  
COMMITTEE**

Chair – Councillor John Mounsey  
Vice-Chair – Councillor Charlie Hogarth

Councillors John Cooke, Rachel Hodson, Richard A Jones, Jane Kidd, Tony Revill and Craig Sahman.

Invitees:

Paul O'Brien (GMB)

Substitutes – Vice Chairs of the Scrutiny Panel

Councillors: Jane Cox, Neil Gethin, Cynthia Ransome and Kevin Rodgers.

12 January 2016

## To the Chair and Members of the Overview and Scrutiny Management Committee

### Sheffield City Region proposed devolution deal

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Mayor Jones	All	

### EXECUTIVE SUMMARY

1. This report provides Overview and Scrutiny Management Committee with a brief overview of the Sheffield City Region proposed devolution deal. A full copy of the proposed deal is also attached.

The committee is asked to consider the content of this report, the proposed deal, and views from attendees at the meeting to discuss and consider the proposed deal.

### EXEMPT REPORT

2. This is not an exempt report.

### RECOMMENDATIONS

3. It is recommended that the Committee:

R1: Uses the information contained within this report, the content of the proposed deal and views from those attending the meeting to consider and discuss the Sheffield City Region's proposed devolution deal: and consider what the proposed deal would mean for Doncaster.

### WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. The Devolution deal provides the City Region with additional powers, resources and responsibilities to improve the economic well-being of its local authorities. The deal will help the City Region deliver its ambition to create 70,000 additional jobs and 6,000 new businesses in the next ten years, provide better alignment between post 19 training and education and the economy and see the establishment of a National Institute for Infrastructure in Doncaster. All of this combined, along with capital infrastructure investment provide the foundation of opportunity for all residents in Doncaster.

## BACKGROUND

5. On the 2<sup>nd</sup> of October 2015, the leaders of the Sheffield City Region (SCR) signed a proposed devolution deal with the Chancellor of the Exchequer George Osborne. The document, attached to this report, set out the terms of a proposed agreement between Government and SCR to devolve a range of powers and responsibilities to the Sheffield City Region Combined Authority and a new directly elected Mayor.

This deal builds on the previous 'waves' of devolution and will be used to enable SCR to deliver its Strategic Economic Plan, the major focus of which is the creation of 70,000 additional jobs, 6,000 new businesses and an increase in productivity.

### **Sheffield City Region Combined Authority**

In April 2014, the Sheffield City Region Combined Authority was established to provide the democratic leadership of the City Region. At the time, SCR was the second Combined Authority established in the Country, behind Manchester, and provided a strong foundation for the devolution of further powers and responsibilities from Government.

The SCR Combined Authority is a legal entity created under the Local Democracy, Economic Development and Construction Act 2009 and provides the legal basis for the SCR to receive powers, functions and budgets transferred from Government. The increased Governance arrangements in SCR have been instrumental in providing the necessary assurance to Government that it is ready for devolution and helped secure previous deals.

The Leaders of the nine SCR local authorities form the Combined Authority.

### **Proposed Devolution Deal – building up to the deal**

The Strategic Economic Plan and its ambition to create 70,000 additional jobs and 6,000 new businesses, drives all devolution discussions with Government. SCR has been at the forefront of devolution due to its desire for greater control over its own destiny, its delivery track record, the Combined Authority governance arrangements and the Government's push to create a 'Northern Powerhouse'.

Discussions between SCR and Government have therefore been ongoing since the election of the Coalition Government in 2010 but have increased since 2014 and the formation of the Combined Authority. In September 2015, the Combined Authority submitted a set of proposals to Government. Developed by all the local authorities, these proposals were focussed on obtaining further devolution and predominantly focussed on: transport, business growth, skills, housing, funding and improving accountability of national government agencies i.e. Homes and Communities Agency (HCA).

Negotiations between SCR and Treasury began to finalise the proposals and work towards areas of agreement, supported at three levels:

1. **Political** – negotiations between leaders on the Combined Authority and senior Government Ministers primarily through Lord O'Neill (Commercial Secretary to the Treasury). Leaders met with Treasury Ministers in

London and reported back to Combined Authority meetings.

2. **Senior executives** – Chief Executives working with senior Treasury officials in support of the political leaders
3. **Senior Officers** – officers working with Whitehall officials on specific areas of policy e.g. skills.

These conversations took place right up to the announcement of the agreement on the 2<sup>nd</sup> of October 2015.

**Proposed Devolution Deal – content**

The devolution deal supports the delivery of the Strategic Economic Plan and therefore focuses on issues and policy areas that support this: Skills, Employment, Housing, Transport, Business Growth and Governance.

The agreement attached is proposed only as it is subject to consultation with residents and businesses (consultation closes on 15<sup>th</sup> of January 2016) and the endorsement of the deal by each of the nine local authorities Full Councils. The deal is also subject to the Cities and Local Government Devolution Bill receiving Royal Assent. If the proposed agreement is taken forward, Government will need to submit a specific Order for SCR’s devolution agreement for Parliamentary approval.

The consultation is currently live on Sheffield City Region’s website which can be accessed here: <http://sheffieldcityregiondevolution.org.uk/>

The table below provides a summary of the proposed deal by policy area:

<b>Policy theme</b>	<b>What is in the devolution deal?</b>	<b>What does this mean?</b>
<b>Finance</b>	<p>An investment fund worth £30m a year guaranteed for 30 years to SCR (£900m total)</p> <p>New funding flexibilities to create a ‘single pot’ to invest in growth</p> <p>Ability to retain 100% of the growth in Business Rates across council areas in SCR from April 2016</p>	<p>Elected leaders given control over money to invest in the local economy – provided over a long-term</p> <p>Control over a £30m per year fund for the next 30 years – can be used to invest in big infrastructure schemes</p> <p>Retaining the money raised from growth in Business Rates over coming years</p> <p>Other resources (i.e. transport / Housing) will be given in one budget removing the Government departments control over how it is spent</p>
<b>Skills 19+</b>	<p>Full devolution of the Adult Skills Budget</p>	<p>Control of adult skills and training funding</p> <p>Training will therefore be coordinated and aligned to the local economy and businesses will have access to training that allows them to grow their business</p>
<b>Skills 16-18</b>	<p>SCR will chair the Area Based Review of post-16 education in</p>	<p>SCR will work with Government and local colleges to improve education,</p>

	line with the ambitions of the City Region	skills and training to meet the needs of the economy
<b>Transport</b>	<p>One multi-year strategic transport budget for SCR</p> <p>Power to re-regulate local bus service</p> <p>Smart ticketing between different modes of transport across the north</p>	<p>More local power and control of money to create a better, improved transport system enabling better City Region connections.</p> <p>Multi-year transport budget enabling spend on big infrastructure projects that take time to build.</p> <p>Ability to franchise local bus services. This means the proposed elected Mayor would be responsible for setting out the bus services that best meet the needs of the economy and bus companies would provide the services to meet these needs</p> <p>An 'oyster card' type of smart ticketing that works between different modes of public transport</p>
<b>Employment</b>	<p>Co-design of future employment support for harder to help claimants, with DWP, from April 2017</p> <p>A dedicated pilot to support the hardest to help get back into work</p>	<p>Co-design of employment services for our area with Government so services better meet local need</p> <p>Ensuring that the right health, education and training support is provided to get people back into work</p>
<b>Housing and planning</b>	<p>Creating a spatial framework for the City Region</p> <p>Strategic planning powers for the Mayor including the ability to set up Mayoral Development Corporations</p> <p>Further discussions with Government on a Housing Investment Fund for SCR</p> <p>A Joint Assets Board for the City Region to better coordinate the sale of public buildings and land to create opportunities for housing and business growth</p>	<p>Councils and businesses in the City Region will work together to establish a single spatial plan for the area. A single approach to planning for things such as Housing. This will not reduce or remove the planning powers of individual councils</p> <p>Providing a clear spatial plan for growth across SCR</p> <p>Work with Government to create a 'Housing Investment Fund' for the City Region. This will be used to assist with building thousands of new homes across SCR.</p>
<b>Business growth; trade and Investment; innovation</b>	<p>Devolved business support services</p> <p>Dedicated support from UKTI on trade and investment to support SCR businesses to export</p> <p>Working with Government on the rollout of ultrafast broadband in the SCR</p>	<p>Tailored business support that will help our businesses grow, export and create higher skilled jobs</p> <p>National Institute of Infrastructure in Doncaster</p> <p>Work with Government to make ultrafast broadband more available</p>

	<p>Expert advice to support the development of the Advanced Manufacturing Innovation District</p> <p>Work with Government to establish the National Institute for Infrastructure in Doncaster</p>	
<b>Governance</b>	<p>An elected city region mayor for the economic geography. The proposed elected mayor will predominantly be responsible for transport and strategic planning.</p> <p>A stronger Combined Authority model with the majority of the new devolved powers being the responsibility of the Combined Authority</p>	<p>SCR established a Combined Authority in 2014 to be the legal entity through which, Government can devolve powers, resources and responsibilities</p> <p>The Government want residents to have somebody they can hold to account for the powers and responsibilities devolved to SCR and as such want to achieve direct accountability through the election of a City Region Mayor</p> <p>This is different to the Mayor of Doncaster – the City Region Mayor will be responsible for things that are important to local economies but cut across council boundaries e.g. bus services or training and jobs</p> <p>SCRs proposed devolution agreement would see the directly elected Mayor responsible for the City Region’s transport budget, bus network and spatial planning</p> <p>The Combined Authority will be responsible for other powers in the deal and the elected Mayor will be one member of the Combined Authority, along with all council Leaders and the Mayor of Doncaster. The Combined Authority will be able to amend and veto the City Region Mayor’s plans, strategies and budgets</p> <p>If agreed, the election of a City Region Mayor is likely to take place in 2017 and it will be the South Yorkshire residents that get to vote as the District councils are not able to be full constituent members of the Combined Authority.</p>

**Devolution – what does this mean for Doncaster?**

As well as all the benefits that the wider deal will bring, the specific implications for Doncaster are:

- A new National Institute for Infrastructure, Construction and Engineering to be built in Doncaster (building on the new National College for High Speed Rail)
- A share of £900m over the next 30 years to spend on important economic regeneration projects to improve the borough and create jobs. Our current and future plans include:
- Completing phase 2 of the airport link road and building an airport railway station
- Road and rail improvements in the north of the borough, including an A1 to A19 link road – improving access to existing communities and enabling more land to be used for employment and housing
- A new M18 link road at junction 5, improving access to Hatfield/Stainforth (project with enable significant economic growth through new business parks, housing, education, health facilities and improvements to the Hatfield and Stainforth railway station)
- A Town Centre Gateway starting with regeneration improvements at and around the railway station and making improvements to the town centre and markets
- Supporting new developments around the town centre's Civic and Cultural Quarter which is home to Cast theatre and Doncaster Council's Civic Office
- Developments around the Waterfront, Marshgate and Lakeside areas. We will also produce additional economic development projects to put forward for the Sheffield City Region Investment Fund
- The ability to control buses in Doncaster and a regional 'oyster card' style smart ticket which will mean that people will be able to use the same ticket between different buses, trams and trains.

### **Next Steps: opportunities, challenges and consultation**

This proposed devolution deal is another step towards more comprehensive devolution, something that Doncaster and the City Region wish to see, so that residents and businesses can have a greater say over issues that matter most to their locality.

The devolution offers a number of opportunities for the City Region to pursue further discussions with Government around additional powers and responsibilities. These are:

- **Housing and planning** – development of a single Housing Investment Fund
- **Transport** – Transport for the North and HS3 – maximising economic benefit
- **Innovation** – maximising opportunity of support from Government on Science and Innovation Audits and Smart Specialisation
- **Business Rates** – working with Government to shape how full localisation of Business Rates could work for SCR from 2020

There are a number of challenges that Doncaster and SCT are keen to pursue further:



- **Geography** – At present, only the voters of South Yorkshire council areas will be able to vote in the proposed Mayoral election. This is because the district councils are two-tier authorities as part of county councils who are currently non-constituent members of the Combined Authority. SCR was created to reflect a functioning economic geography and we will keep working with Government to enable district councils to become full constituent members of the Combined Authority if they wish to.
- **Governance arrangements** – If the proposed elected Mayor goes forward, the governance arrangements around this need to be firmed up to enable the Mayor’s powers to be more proportionate and so that two-thirds of local council leaders on the Combined Authority can override the Mayor.
- **16-18 skills** – SCR has a vision for a single coherent pathway for skills and training. The deal so far does not go far enough to enable SCR to achieve this. This remains a policy area that Doncaster and SCR will continue to have discussions with Government about.
- **Housing** – remains a largely centralised policy area but has implications for the local economy and communities. Again, this is a policy area that Doncaster and SCR will continue to have discussions with Government about.

The City Region is currently seeking views on the devolution deal from residents and businesses. This consultation is being managed online through a questionnaire based around the key sections of the deal e.g. transport, skills etc. Consultation closes on 15 January 2016.

The website can be accessed at: <http://sheffieldcityregiondevolution.org.uk/>

## OPTIONS CONSIDERED AND REASONS FOR THE RECOMMENDED OPTION

6. All councils have to endorse the proposed devolution deal. Scrutiny of the deal is a crucial part of this process and builds upon the Full Council presentation from the Chair of the Combined Authority that took place in late November.

## IMPACT ON THE COUNCIL’S KEY OUTCOMES

7. The proposed devolution deal will have an impact across the whole borough and all outcomes and priorities:

	<b>Outcomes</b>	<b>Implications</b>
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li> <li>• <i>Mayoral Priority: Be a strong</i></li> </ul>	<p>The proposed deal is focused solely on providing the tools to improve the local economy. Resource for infrastructure, a National Institute for Infrastructure and revised skills delivery aligned to the economy will help create jobs, increase housing</p>

	<p><i>voice for our veterans</i></p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Protecting Doncaster's vital services</i></li> </ul>	demand and help new and existing business grow and develop.
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Safeguarding our Communities</i></li> <li>• <i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li> <li>• <i>Mayoral Priority: Safeguarding our Communities</i></li> <li>• <i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	
	<p>All families thrive.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Protecting Doncaster's vital services</i></li> </ul>	
	<p>Council services are modern and value for money.</p>	
	<p>Working with our partners we will provide strong leadership and governance.</p>	

## RISKS AND ASSUMPTIONS

8. A number of challenges are set out above under the heading 'next steps: opportunities, challenges and consultation.

## LEGAL IMPLICATIONS

9. The legal powers surrounding devolution are set out in the Cities and Local Government Devolution Bill which is expected to become law during 2016. The bill sets out a framework for devolution with further detail to be enacted by Secretary of State Regulation.

The details of the Sheffield City Region Combined Authority's deal are set out in the "Sheffield City Region Devolution Agreement" which is annexed to this report.

Further legal advice will be required as the Council progresses along this process towards devolution, particularly in relation to the Constitutional arrangements of the Sheffield City Region Combined Authority and its interactions with the Council.

## **FINANCIAL IMPLICATIONS**

10. The main purpose of the report is to provide a brief overview of the Sheffield City Region (SCR) proposed devolution deal. Local leaders continue to negotiate the detail of the agreement and the levels of funding will still be subject to the government's on-going spending review. The deal will have wide reaching financial implications for the Council but these can only be fully assessed as more detail emerges.

Overall, the deal will see the transfer of powers and control over current funding from national Government departments to the SCR, particularly in relation to Transport, Housing and Adult Skills and Training.

The Chancellor has also given a commitment to an additional £900 million cash boost over the next thirty years to deliver major regeneration, infrastructure and business growth schemes. This will give the Council opportunities to sustain and expand on the levels of investment awarded from the current SCR Infrastructure Fund; i.e. c. £53m to deliver the Airport, M18 and Westmoor link roads and the range of Urban Centre projects mentioned in the body of the report.

The SCR will also have the ability to retain 100% of the growth in Business Rates across council areas in SCR from April 2016. SCR are continuing negotiations with DCLG regarding how the model will work. Doncaster is working with the other SCR councils on a number of options to ensure that the SCR gets the best deal possible.

In most respects, devolution is not just about how much money is available but having greater control at a local level to decide how it is spent. It should also lead to more allocations being given to the SCR over multi-year periods to provide stability and certainty in planning over longer periods of time.

It should be noted that a number of the outcomes are likely to involve the use of the Council's other resources either directly, as contributions, or as match funding. Any consideration should be mindful of the Council's need to meet the overall budget savings target of c. £41m for 2016/17. It is anticipated that the flexibilities offered by the devolution deal would provide the Council with greater opportunities for doing so.

## **PROCUREMENT IMPLICATIONS**

11. The delivery of the proposed devolution deal and aspirations within it shall be, where commissioning and procurement activities are engaged, adhere to the Public Contract Regulations 2015, EU Procurement Legislation and contract law.

Consideration is to be given towards the agreeing and implementation of a SCR Commissioning and Procurement strategy, action plan and more importantly a common Contract Procedure Rules (CPR's), which govern all

purchasing activities but also set a benchmark for all practitioners to follow in pursuit of their duties under a SCR entity.

## **HUMAN RESOURCES IMPLICATIONS**

12. There are no direct HR implications arising from the recommendations in the report. Devolution will however require HR engagement in the process at the appropriate time, so that there is sufficient focus on HR issues particularly in terms of resource deployment, workforce and organizational development and building the principles of devolution into current roles.

## **TECHNOLOGY IMPLICATIONS**

13. The Assistant Director for Customers, Digital & ICT is Doncaster's representative on the Superfast South Yorkshire Management Board, therefore the implications of this are already being managed for the authority and region. There are no other obvious direct technology implications at this stage to deliver the devolution deal but there will almost certainly be some requirements and/or implications such as the spatial data requirement that will need to be considered and potentially implemented without conflict with the Council's technical infrastructure or compromising the security of network, systems and data. The ICT service should be informed as soon as a requirement is predicted or known at the initial early stages to ensure an effective response to any matter no matter how complex both for the Council and across partners.

## **EQUALITY IMPLICATIONS**

14. Decision makers must consider the Council's duties under the Public Sector Equality Duty at s149 of the Equality Act 2010. The duty requires the Council, when exercising its functions, to have 'due regard' to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the act, and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' and those who do not share that protected characteristic.

## **CONSULTATION**

15. Details of consultation undertaken are included within the main body of the report.

## **BACKGROUND PAPERS**

16. None.

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**Chief Executive**

**Annex A – SCR Proposed Devolution Agreement**



HM Treasury

**Sheffield  
City Region**

SHEFFIELD CITY  
REGION DEVOLUTION  
AGREEMENT



HM Treasury

**Sheffield  
City Region**

*George Osborne* *Stephen Houghton*

The Rt Hon George Osborne  
Chancellor of the Exchequer

Cllr Sir Stephen Houghton CBE  
Chair of Sheffield City Region  
Combined Authority and Leader of  
Barnsley Metropolitan Borough  
Council

*J Dore*

Cllr Julie Dore  
Leader of Sheffield City Council

*James Newman*

James Newman  
Chair of Sheffield City Region  
Combined Authority Local Enterprise  
Partnership



HM Treasury

**Sheffield  
City Region**

.....  
**Lord Jim O'Neill**  
Commercial Secretary

.....  
**Cllr Chris Read**  
Leader of Rotherham Metropolitan  
Borough Council

.....  
**Deputy Mayor Glyn Jones**  
On behalf of Mayor of Doncaster  
Metropolitan  
Borough Council



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## Sheffield City Region Combined Authority Devolution Deal

This document sets out the terms of a proposed agreement between Government and the leaders of the Sheffield City Region to devolve a range of powers and responsibilities to the Sheffield City Region Combined Authority and a new directly elected mayor. Building on the City Deal, agreed in 2012, the Growth Deals, agreed in July 2014 and January 2015 and initial Devolution Agreement, agreed in December 2014, this Devolution Deal marks the next step in the transfer of resources and powers from central Government to the Sheffield City Region.

The devolution proposal and all levels of funding are subject to the Spending Review and Sheffield City Region consulting on the proposals and ratification from the local authorities. This agreement is subject to the enactment of the necessary legislation (The Cities and Local Government Devolution Bill and the Buses Bill), and to parliamentary approval of the secondary legislation implementing the provisions of this agreement.

This agreement will enable Sheffield City Region to accelerate the delivery of its Strategic Economic Plan, strengthening its position as a world class centre for advanced manufacturing and engineering.

### **Summary of the proposed Devolution Deal agreed by the Government and the Sheffield City Region Combined Authority with the support of the Local Enterprise Partnership**

A new, directly elected Sheffield City Region Mayor will act as Chair to the Sheffield City Region Combined Authority and will exercise the following powers and functions devolved from central Government:

- Responsibility for a consolidated, devolved transport budget, with a multi-year settlement to be agreed at the Spending Review.
- Responsibility for franchised bus services, which will support the Combined Authority's delivery of smart and integrated ticketing across the Combined Authority's constituent councils.
- Responsibility for an identified Key Route Network of local authority roads that will be collaboratively managed and maintained at the city region level by the Combined Authority on behalf of the Mayor.
- Powers over strategic planning, including the responsibility to create a spatial framework for the city region and to chair the Sheffield City Region Joint Assets Board.

The Sheffield City Region Combined Authority (SCR CA), working with the Mayor, will receive the following powers:

- Control of a new additional £30 million a year funding allocation over 30 years, to be invested to boost growth.
- Responsibility for chairing an area-based review of 16+ skills provision, the outcomes of which will be taken forward in line with the principles of the devolved arrangements, and devolved 19+ adult skills funding from 2018/19.
- Joint responsibility with Government to co-design employment support for the harder-to-help claimants, many of whom are currently referred to the Work Programme and Work Choice. SCR will also bring forward a proposal to pilot more intensive support for those furthest from the labour market.
- More effective joint working with UKTI to boost trade and investment, and responsibility to work with Government to develop and implement a devolved approach to the delivery of national business support programmes from 2017.

In addition:

- To support the development of the SCR Advanced Manufacturing Innovation District, the Government will offer the Sheffield City Region expert advice and support to ensure they are able to put forward a City Region led proposal to undertake a Science and Innovation audit.
- The Sheffield City Region will work with HM Government to achieve their ambitions for a national Institute for Infrastructure within Doncaster.
- HM Government will work with the Sheffield City Region Combined Authority to agree specific funding flexibilities to a Spending Review timetable. The joint ambition will be to give Sheffield City Region Combined Authority a single pot to invest in its economic growth.

Further powers may be agreed over time and included in future legislation.

## Governance

1. Sheffield City Region (SCR) has taken bold steps in securing effective and accountable governance arrangements. The SCR Local Enterprise Partnership (LEP) was part of the first wave of LEPs established in 2010 and has been one of the strongest performers since then. The SCR was the first to submit plans for its Combined Authority under the Coalition Government, which was established in April 2014. The Combined Authority enables decisions on economic growth and development to be taken in an open and transparent way in one place for the whole of the SCR.
2. As part of this proposed agreement, the Sheffield City Region Combined Authority will adopt a model of a directly elected city region Mayor over the Combined Authority's area with the first elections in May 2017<sup>1</sup>. The existing Sheffield City Region Combined Authority will also be strengthened with additional powers. This takes the next step in transferring resources and powers from central Government to the Sheffield City Region. There is no intention to take existing powers from local authorities without agreement. The agreement will protect the integrity of local authorities in the Sheffield City Region.
3. 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.
4. 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.
5. The Sheffield City Region Mayor and the other members of the Sheffield City Region Combined Authority will be required to work closely together. Specifically:
  - a. the Mayor will provide overall leadership and chair Combined Authority meetings; and
  - b. the SCR Cabinet Model, where the leaders have a clear portfolio of responsibilities, will act as a supporting and advisory function to the Mayor and Combined Authority in respective policy areas.

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<sup>1</sup> This will be based on the constituent members of the Combined Authority but can be extended to include any other members of the Combined Authority that change their member status from non-constituent to constituent.

- c. The Mayor will also be a member of the LEP, alongside the other members of the Combined Authority, recognising the importance of the private sector in any growth strategies or delivery.
6. The recent changes to strengthen the governance arrangements in the Sheffield City Region by formally establishing five Executive Boards that have delegated decision making powers from the Combined Authority, are expected to continue as part of this agreement.
  7. Economic growth is a shared endeavour and is vital in delivering the Northern Powerhouse ambitions. The Mayoral Combined Authority will continue to work very closely with HM Government for the benefit of the public.
  8. Sheffield City Region Combined Authority and Local Enterprise Partnership commits to work with partners across the North of England to promote opportunities for pan-Northern collaboration, including Transport for the North, to drive northern productivity and build the Northern Powerhouse.

### **Skills (19+)**

9. The Government will enable local commissioning of outcomes to be achieved from the 19+ adult skills budget starting in academic year 2016/17; and will fully devolve budgets to the Sheffield City Region Combined Authority from academic year 2018/19 (subject to readiness conditions). These arrangements do not cover apprenticeships.
10. Devolution will proceed in three stages, across the next three academic years:
  - a. Starting now, the SCR Combined Authority will begin to prepare for local commissioning. It will develop a series of outcome agreements with providers about what should be delivered in return for allocations in the 2016/17 academic year. This will replace the current system of funding by qualifications as providers will receive their total 19+ skills funding as a single block allocation. This new arrangement will allow the SCR Combined Authority to agree with providers the mix and balance of provision that will be delivered in return for the block funding, and to define how success will be assessed.
  - b. For the 2017/18 academic year, and following the area review, Government will work with the SCR Combined Authority to vary the block grant allocations made to providers, within an agreed framework
  - c. From 2018/19, there will be full devolution of funding. The SCR Combined Authority will be responsible for allocations to providers and the outcomes to be achieved, consistent with statutory entitlements. Government will not seek to second guess these decisions, but it will set proportionate requirements about outcome information to be collected in order to allow students to make informed choices. A funding formula for calculating the size of the

grant to local / combined authorities will need to take into account a range of demographic, educational and labour market factors.

11. The readiness conditions for full devolution are that:

- a. Parliament has legislated to enable transfer to local authorities of the current statutory duties on the Secretary of State to secure appropriate facilities for further education for adults from this budget and for provision to be free in certain circumstances
- b. Completion of the Area Review process leading to a sustainable provider base
- c. After the area-reviews are complete, agreed arrangements are in place between central government and the Combined Authority to ensure that devolved funding decisions take account of the need to maintain a sustainable and financially viable 16+ provider base
- d. Clear principles and arrangements have been agreed between central government and the Combined Authority for sharing financial risk and managing failure of 16+ providers, reflecting the balance of devolved and national interest and protecting the taxpayer from unnecessary expenditure and liabilities
- e. Learner protection and minimum standards arrangements are agreed
- f. Funding and provider management arrangements, including securing financial assurance, are agreed in a way that minimises costs and maximises consistency and transparency.

### Skills (16-18)

12. HM Government commits to an Area Based Review of post-16 education and training leading to agreed recommendations by February 2016. The outcomes of the Area Based Review will be taken forward in line with the principles of the devolved arrangements. The review will be chaired by the Combined Authority and will include all post-16 education and training provision in the initial analysis phase. Recommendations will be focused on General FE and Sixth Form Colleges, however the Regional Schools Commissioner and the relevant local authorities will consider any specific issues arising from the reviews for school sixth form provision.
13. To ensure continued local collaboration following the Area Based Review, the Sheffield City Region Combined Authority will work in partnership with local colleges and providers to publish a local skills strategy. This will aim to help ensure that post-16 providers are delivering the skills that local employers require. It is expected that the Combined Authority will then collaborate with colleges and providers, with appropriate support from EFA, to work towards that plan.
14. Following the Area Based Review, HM Government would expect the Regional Schools Commissioner to continue to engage with the Sheffield City Region Combined Authority to ensure local links and working are maintained.

15. HM Government will work with Sheffield City Region Combined Authority to ensure that local priorities are fed into the provision of careers advice, such that it is employer-led, integrated and meets local needs. In particular, the Sheffield City Region Combined Authority will ensure that local priorities are fed into provision through direct involvement and collaboration with HMG in the design of careers and enterprise provision for all ages, including collaboration on the work of the Careers and Enterprise Company and the National Careers Service.

### Employment

16. Sheffield City Region Combined Authority will work with DWP to co-design the future employment support, from April 2017, for harder-to-help claimants, many of whom are currently referred to the Work Programme and Work Choice.
17. The respective roles of DWP and Sheffield City Region Combined Authority in the co-design will include:
  - a. DWP sets the funding envelope, Sheffield City Region Combined Authority can top up if they wish to, but are not required to.
  - b. Sheffield City Region Combined Authority will set out how they will join up local public services in order to improve outcomes for this group, particularly how they will work with the Clinical Commissioning Groups/third sector to enable timely health-based support.
  - c. DWP set the high-level performance framework and will ensure the support appropriately reflects labour market issues. The primary outcomes will be to reduce unemployment and move people into sustained employment. Sheffield City Region Combined Authority will have some flexibility to determine specific local outcomes that reflect local labour market priorities, these outcomes should be complementary to the ultimate employment outcome (for example in-work wage progression). In determining the local outcome(s) Sheffield City Region Combined Authority should work with DWP to take account of the labour market evidence base and articulate how the additional outcome(s) will fit within the wider strategic and economic context and deliver value for money.
  - d. Before delivery commences, DWP and Sheffield City Region Combined Authority will set out an agreement covering the respective roles of each party in the delivery and monitoring of the support, including a mechanism by which each party can raise and resolve any concern that arise.
18. In addition, in the event employment support for this group is delivered through a contracted-out programme, Sheffield City Region Combined Authority will co-commission the programme with DWP. the respective roles of DWP and Sheffield City Region Combined Authority will include:

- a. DWP sets the contracting arrangements, including contract package areas, but should consider any proposals from Sheffield City Region Combined Authority on contract package area geography.
  - b. Sheffield City Region Combined Authority will be involved in tender evaluation.
  - c. Providers will be solely accountable to DWP, but DWP and Sheffield City Region Combined Authority's above-mentioned agreement will include a mechanism by which Sheffield City Region Combined Authority can escalate to DWP any concerns about provider performance/breaching local agreements and require DWP to take formal contract action where appropriate.
19. In the event that alternative delivery mechanisms are put in place, comparable arrangements will be put in place.
20. Sheffield City Region will develop a business case for an innovative pilot to support those who are hardest to help. The business case should set out the evidence to support the proposed pilot, cost and benefits and robust evaluation plans, to enable the proposal to be taken forward as part of the delivery of this agreement, subject to Ministerial approval.

### Housing and planning

21. The Sheffield City Region Combined Authority Mayor will also exercise strategic planning powers to support and accelerate these ambitions. This will include the power to:
- 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.
  - 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.
  - d. Be consulted on and/or call-in planning applications of strategic importance to the City Region.
22. Sheffield City Region and HMG will continue to discuss the devolution of housing loan funds to a Spending Review timetable. Sheffield City Region intends to develop



further a proposition on a Housing Investment Fund, for discussion and development with HM Government.

23. HMG will work with Sheffield City Region to support the operation of the Joint Assets Board, and support better coordination on asset sales. This will include ensuring the representation of senior HMG officials on the Joint Assets Board, using that Board to develop as far as possible and consistent with the government's overall public sector land target, a joint programme of asset disposal using a portfolio approach, and to explore whether a right of first refusal for 28 days on all central government land and assets due for disposal can be developed that accelerates the pace of disposal. Through the Joint Assets Board, SCR and HMG will explore increased opportunities for using the public estate to generate low carbon energy.

### Transport

24. 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.
25. The directly elected Mayor of the Sheffield City Region Combined Authority will by 2017 exercise functions, devolved to the Combined Authority, for the franchising of bus services in the area of the Combined Authority, subject to local consultation. This will be enabled through a specific Buses Bill, to be introduced during the first Parliamentary session, which will provide for the necessary functions to be devolved.
26. This will help to facilitate 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. This includes the production of a regional implementation plan for smart ticketing which Transport for the North will put forward to government by Budget 2016.
27. Government remains committed to the development of Phase Two of the HS2 network and will announce the way forward on Phase Two later this year.
28. Government is committed to building a Northern Powerhouse and remains strongly committed to the work by Transport for the North to identify and present to government a prioritised list of scheme options for the TransNorth rail enhancement programme and options for strategic road investment, including options for a new TransPennine Road Tunnel, by Budget 2016.
29. Government, in consultation with Sheffield City Region, will continue to explore options to give Sheffield City Region 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

granted, if practical proposals for improving and speeding up the process are identified.

30. 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.

### Trade and investment

31. HM Government commits to strengthening support available for both trade and investment in the Sheffield City Region.
32. On co-location, HM Government will review the Inward Investment resource location of regional (IST) staff across the three levels of: Partnership Managers; Business development and Key Account Management teams, currently in 8 locations nationally. HM Government will also look at options for co-location, under UKTI/IST management, without harming the overall efficiency of the working of the investment model.
33. On governance, HM Government will set up a joint governance structure (or join an existing one), with quarterly meetings attended by a Director level representative from both UKTI investment and Sheffield City Region Combined Authority. These will provide a forum to discuss progress on co-location, and on account management activity by both parties in the region. HM Government will wherever possible also use this structure to review key decisions and initiatives planned and/or implemented by both parties, including building a better shared understanding of the inward investment opportunities available in the region.
34. On international links, HM Government will provide a strengthened partnership between locally delivered services and embassy/consulate contacts through project Matchmaker.
35. On the Great campaign, HM Government will explore what options exist for using a portion of GREAT campaign budget for overseas based activity aligned to Sheffield City Region sector strengths with delivery managed by UKTI Marketing teams with input and influence from Sheffield City Region Combined Authority. This activity should be supported by sector based resource in overseas posts who have been specially briefed to have a strong understanding of Northern Powerhouse and Posts who are Matchmaker partners for Sheffield City Region sector strengths.
36. HM Government will also work with Sheffield City Region to build attractive regeneration/ investment propositions.
37. On trade: HM Government will ring-fence trade services resource within Sheffield City Region, develop an agreed export plan with a dual key approach to activities and reporting on outputs and outcomes to Sheffield City Region. Ring fenced resource remains subject to departmental budget changes.

38. An export plan will be agreed between SCR and UKTI HQ which will allow SCR flexibility, such as a specific local sectoral focus for Passport to Export and mid-sized business schemes or a different mix of products.
39. HMRC will work with the Sheffield City Region Combined Authority to provide relevant trade statistics data, within existing data protection assurance frameworks and policies, to assist with understanding the City Region's export market.

### **Innovation**

40. The Advanced Manufacturing Innovation District, centred around the Advanced Manufacturing Park is a nationally important asset and already delivers growth through innovation, productivity and high value employment. The City Region has an ambition to make the District world-leading – attracting investment and major industry to the area.
41. To support this HM Government will offer the Sheffield City Region expert advice and support to ensure they are able to put forward a City Region led proposal to undertake a Science and Innovation audit. This work will enable an evidence based approach to deepen the understanding of the City Region's Science and Innovation strengths and provide a new and powerful way to understand how to maximise the economic impact from the UK's research and innovation investment nationally. They will, for example, provide government with part of the evidence base on which to make decisions on catapults and could be used to explore how to further the Sheffield City Region's advantage in advanced manufacturing.
42. HM Government will also offer Sheffield City Region Combined Authority dedicated workshops with the Smart Specialisation Advisory Hub to help areas identify their innovation strengths.
43. 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.
44. The Sheffield City Region will work with HM Government to achieve their ambitions for a National Institute for Infrastructure within Doncaster. The Sheffield City Region will take forward discussions with HM Government to explore the potential for alignment of the new National College for High Speed Rail (NCHSR) based in Doncaster with the new Institutes of Technology to help meet a wider set of national infrastructure challenges.

### **Business growth and support**

45. HM Government agrees to continue to work with the Sheffield City Region to develop and implement proposals for a devolved approach to the delivery of national business support programmes from April 2017 onwards, subject to the

outcomes of the Spending Review, and in line with the Devolution Deal agreed in December 2014.

46. Government and the Sheffield City Region Combined Authority will agree a joint programme to create the right environment 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%.
47. Building on the currently agreed Enterprise Zone geography, Sheffield City Region will receive additional Enterprise Zones and/or extension of existing zones, subject to the current bidding round for further Enterprise Zones.
48. The Sheffield City Region LEP has requested additional flexibility on the use of Enhanced Capital Allowances within its Enterprise Zones. The government is open to further discussion on this providing proposals are compliant with State Aid rules and are fiscally neutral.

### Fiscal

49. HM Government is committed to working with the Sheffield City Region Combined Authority to achieve Intermediate Body status for ERDF and ESF for the Combined Authority. HM Government will work with Sheffield City Region Combined Authority to test whether it will be possible to implement and if so, HMG and SCR will work together to agree a timetable to put this in place.
50. 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.
51. HM Government will work with the Sheffield City Region Combined Authority to agree specific funding flexibilities to a Spending Review timetable. The joint ambition will be to give Sheffield City Region Combined Authority a single pot to invest in its economic growth. This pot will comprise a flexible, multi-year settlement providing the freedom to deliver its growth priorities, including the ability to re-direct funding to reflect changing priorities, whilst upholding their statutory duties. This local freedom will be over a range of budgets to be determined by SCR and HMG in the run-up to and beyond the Spending Review, including as requested the Regional Growth Fund or its equivalent successor. HM Government expects to disburse this agreed settlement to the Sheffield City Region annually in advance.
52. The Cities and Local Government Devolution bill currently in parliament will establish the principles which will govern further prudential borrowing for combined authorities. Following Royal Assent, central government will consider how these powers could apply whilst ensuring no fiscal impact.

53. 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 in April 2016, 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.

**Under this geography:**

54. The Mayor for the Sheffield City Region will be elected by the local government electors for the areas of the constituent councils of the Sheffield City Region Combined Authority. The Mayor and Sheffield City Region Combined Authority will exercise the powers and responsibilities described in this document in relation to its area, i.e. the area of the constituent councils of the Sheffield City Region Combined Authority.
55. Funding that is allocated to the SCR LEP, now and in the future, will continue to be allocated on the basis of the existing overlap formula.
56. Additional funding or budgets that are devolved as a result of this agreement will go to the SCR Combined Authority.
57. The Sheffield City Region Combined Authority must exercise functions in relation to its geographical area. Accordingly, if any of the Combined Authority spend is on activities of projects outside of its area, those activities or projects must in some way relate to the area – for example, be for the benefit of the area; they may also relate to some other area. The Cities and Local Government Devolution Bill, subject to parliamentary approval, can enable combined authorities such as the Sheffield City Region Combined Authority to take on a broader set of functions than economic development, regeneration and transport, dependent on secondary legislation.
58. Under the Mayor model, it is not expected that the role of the LEP or private sector be lessened.

**Sheffield City Region Combined Authority commitments**

59. The Sheffield City Region Combined Authority is accountable to local people for the successful implementation of the Devolution Deal; consequently, HM Government expects Sheffield City Region to monitor and evaluate their Deal in order to demonstrate and report on progress. The Cities and Local Growth Unit will work with the Sheffield City Region to agree a monitoring and evaluation framework that meets local needs and helps to support future learning.
60. Sheffield City Region Combined Authority will work with HM Government to develop a full implementation plan, covering each policy agreed in this Deal, to be completed ahead of implementation. This plan will include the timing and proposed

approach for monitoring and evaluation of each policy and should be approved by the DCLG Accounting Officer.

61. The Sheffield City Region Combined Authority will continue to set out their proposals to HM Government for how local resources and funding will be pooled across the city region.
62. The Sheffield City Region Combined Authority will agree overall borrowing limits with HM Government and have formal agreement to engage on forecasting. Sheffield City Region Combined Authority will also provide information, explanation and assistance to the Office for Budget Responsibility where such information would assist in meeting their duty to produce economic and fiscal forecasts for the UK economy.
63. The Sheffield City Region Combined Authority will agree a process to manage local financial risk relevant to these proposals and will jointly develop written agreements with HM Government on every devolved power or fund to agree accountability between local and national bodies on the basis of the principles set out in this document.
64. The Sheffield City Region Combined Authority will continue to progress programmes of transformation amongst authorities to streamline back office functions and share more services and data, including on assets and property.
65. The Sheffield City Region Combined Authority will continue to adhere to their public sector equality duties, for both existing and newly devolved responsibilities.