

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

**Sheffield City Region proposed devolution deal**

<b>Relevant Cabinet Member(s)</b>	<b>Wards Affected</b>	<b>Key Decision</b>
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>	
<p><b>Governance</b></p>	<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.

**Jonathan Bucknall**  
**Strategy and Performance Senior Manager**  
01302 734547  
Jonathan.bucknall@doncaster.gov.uk

**Jo Miller**  
**Chief Executive**