

Fit for devolution:



Developing a model of
mayoral governance within
the Sheffield City Region

June 2016

Part 1
The Governance Review
(June 2016)

1. About this document

- 1.1. This document has been prepared by the Sheffield City Region Executive Team, on behalf of the nine local authorities that form the Sheffield City Region (SCR) and the business representatives of the SCR LEP Board. This document details the findings of a Governance Review that has been undertaken by the Sheffield City Region Combined Authority under Section 111 of the Local Democracy, Economic Development and Construction Act 2009 (“LDEDCA”) as amended by the Cities and Local Government Devolution Act 2016.¹ The two County Councils of Derbyshire and Nottinghamshire have also provided considerable input into this review.
- 1.2. Section 111(1) of LDEDCA provides that an existing combined authority may undertake a review of one or more “combined matters”. Combined matters include the:
 - (a) boundaries of a combined authority area (s.106);
 - (b) election of mayors for the combined authority area (s.107A) and
 - (c) functions conferred on any mayor (s.107D).
- 1.3. Where a review has been undertaken under section 111 and a relevant authority concludes that an order made under one or more of sections 104-107 of LDEDCA (as amended) would be **likely to improve the exercise of statutory functions in relation to that area**, the authorities may prepare and publish a Scheme relating to the exercise of the power or power in question (s.112).
- 1.4. The Secretary of State has the power to make an order under section 104-107 if he considers that to do so:
 - (a) is likely to improve the exercise of statutory functions in the area or areas to which the order relates (s.113(1)(a));
 - (b) a public consultation has been carried out (s.113(1)(c));
 - (c) a summary of that consultation has been provided to the Secretary of State ((s.113(2)(b));
 - (d) the Secretary of State considers no further consultation to be necessary ((s.113(2)(c)).
- 1.5. In making any order, the Secretary of State must have regard to the need: **to reflect the identities and interests of local communities** and; **to secure effective and convenient local government**. When undertaking this Governance review, the Sheffield City Region has paid particular attention to these factors when considering the addition of two areas to the CA’s footprint (see Section 6 of this document in particular).

¹ <http://www.legislation.gov.uk/ukpga/2016/1/contents/enacted>

- 1.6. This document should be read alongside the 'Scheme' for the Mayoral Combined Authority (MCA) – which is included at Part 2 of this document and the summary of consultation included at Part 3 of this document [to be added September 2016].
- 1.7. In the preparation of this document and in relation to any future decisions based on these documents, the existing Combined Authority (including all constituent and non-constituent members) have had full regard to their Public Sector Equality duties as set out in section 149 of the Equality Act 2010 (the Act). A full Equality Impact Assessment will be made available to the Secretary of State.
- 1.8. For further information on this Review and Scheme please contact:

David Hewitt
Sheffield City Region Executive Team
11 Broad Street West
Sheffield
S1 2BQ

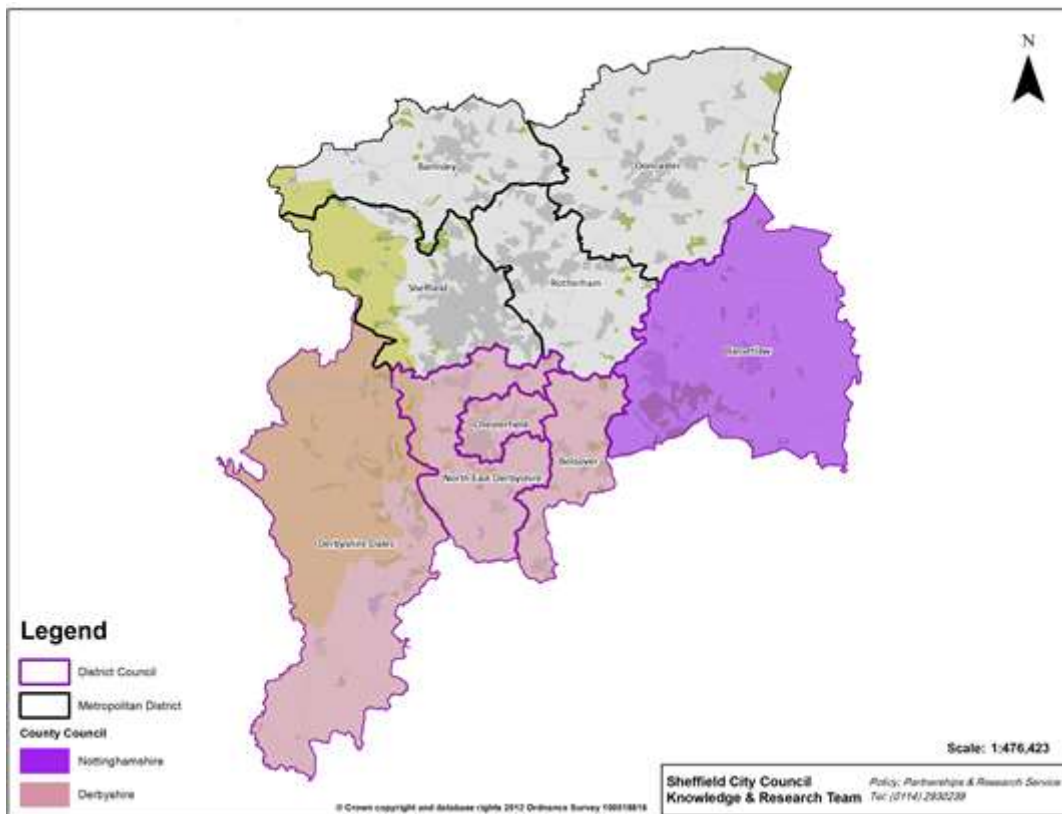
Telephone: 0114 2203459

Email: david.hewitt@sheffieldcityregion.org.uk.

2. Executive Summary

- 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 (see *figure 1*).² The original impetus for this collaboration was the Northern Way agenda, which was designed to unlock the potential for faster economic growth and to bridge the £30 billion output gap between the North and the rest of the United Kingdom.

Figure 1 – the Sheffield City Region



- 2.2. This collaboration was formalised through the Sheffield City Region Local Enterprise Partnership (LEP) which, building on the SCR Forum, was formed in October 2010. By 2012, there was a general consensus that the SCR had outgrown its existing governance structures and arrangements, which were based on informal, voluntary partnerships without any independent legal status. Accordingly, SCR Leaders took the view what the time was right to take SCR governance to the “next level” (i.e. from informal collaboration to joint decision making) and “put into legislation that which we [the SCR] have been doing by consent for some time”.³

² 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.

³ SCR Governance Review Workshop 1 - 20th July 2012.

- 2.3. In April 2013, the Sheffield City Region was the first area to submit plans to form a combined authority to the Coalition Government and in April 2014, the Sheffield City Region Combined Authority⁴ was formed. The public-private partnership now in place was described in the Management Journal (MJ) by urban development expert Bruce Katz as “a model for the rest of the world”. Central to this partnership is the integration of the LEP and the CA into one governance structure, combining the best of public and private leadership and capacity.
- 2.4. The tangible benefits of this collaboration can now be seen in, for example, the SCR securing a Devolution Deal amounting to £484m (2016-2021). The “Deal”, which is one of the largest individual settlements for any combined authority area,⁵ covers a range of themes including skills and employment; housing, planning and public assets; innovation, advanced manufacturing and business growth and transport.
- 2.5. The deal also includes elements of fiscal devolution (retained business rates) and changes to City Region-level democratic structures. Specifically, the proposal makes clear that any ‘deal’ is contingent upon the Sheffield City Region adopting a model of mayoral governance, with the first elections being in May 2017.
- 2.6. The Devolution Deal will fundamentally improve and transform the economic performance of the Sheffield City Region and further the priorities set out in the City Region’s Strategic Economic Plan.⁶ To deliver on this deal the maximum effect, the SCR must:
- (a) enhance the Combined Authority, so that it becomes a “mayoral” Combined Authority (“MCA”) with a directly elected “SCR Mayor” chosen by residents from the constituent areas;
 - (b) give the MCA the powers it needs to deliver the Deal and the SCR’s Strategic Economic Plan;
 - (c) expand the area of the Combined Authority, bringing it far closer to the functional economic area which is the Sheffield City Region.
- 2.7. This SCR Governance Review has been undertaken in the context of an evolving (and overwhelmingly productive) relationship between the SCR and Government. Accordingly, the question for the SCR governance review has not just been ‘are SCR governance arrangements sufficient today?’ – rather – ‘will SCR governance structures and arrangements be sufficient to deliver the SCR’s medium to long-term ambitions?’
- 2.8. The central conclusion of this review is that the structural changes and powers set out in the Scheme Document (Part 2):

⁴ <http://sheffieldcityregion.org.uk/about/the-sheffield-city-region-authority/>

⁵ Taking into account relative population size.

⁶ <http://sheffieldcityregion.org.uk/wp-content/uploads/2013/12/Deal-and-Plan-Executive-Summary.pdf>

- (a) **will improve the exercise of statutory functions** in the area or areas to which the order relates i.e. the 6 constituent areas (see Section 2 of the Scheme at Part 2);
 - (b) **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 (and reflects the way in which the “real” economy works);
 - (c) the arrangements **will secure more effective and convenient local government**, reduce complexity and streamline the delivery of public services:
 - (i) within the combined authority area;
 - (ii) for those areas within the SCR but outside the combined authority area (non-constituent areas);
 - (iii) for neighbouring areas.
- 2.9. Despite the changes suggested, the non-constituent areas of the SCR remain key participants in the ongoing work of the MCA and LEP. Under the proposals detailed in the Scheme document, the areas of Bolsover, Derbyshire Dales and North East Derbyshire will remain non-constituent members of the MCA. As has previously been the case, the MCA will extend voting rights to these areas on all relevant and appropriate matters. For functions such as strategic spatial planning, these non-constituent areas will have the option to work together in partnership with the other members of the MCA, but will never be forced to do so.
- 2.10. Any short-term complexity associated with these proposed changes (e.g. in relation to public transport) will be dealt with through transitional arrangements and through the co-design of future operating models with neighbouring areas. These short-term issues should not detract from the longer-term ambitions of this review and of the SCR i.e. to improve the exercise of statutory functions in order to facilitate economic growth.
- 2.11. The key ‘pillars’ and rationale for this central conclusion is that:
- (a) the SCR is a leading City Region with a strong public-private partnership;
 - (b) grounded in the Strategic Economic Plan – our business and political leaders have negotiated an ambitious devolution settlement with Government to grow the City Region’s economy;
 - (c) a stronger MCA will enable the SCR to deliver on the Devolution Deal and the vision set out in our Strategic Economic Plan.
- 2.12. The remainder of this document expands upon those points set out above, sets out the Scheme for an enhanced “Mayoral” Combined Authority (Part 2) and provides a

summary of the consultation undertaken in relation to this review [Part 3 – to be added in September 2016].

Extending the geography

- 2.13. The first section of this governance review set out how the new powers that the MCA will have will improve the delivery of the statutory functions of the MCA. These points are based on the principle that local leaders rather than national government are better placed to make decisions on issues such as transport and skills.
- 2.14. The second key premise of this governance review is based on a similar simple principle; that because **the economy, the transport connections and the shared challenges of the current CA members are inextricably interwoven with that of Bassetlaw and Chesterfield** then these two areas **should become constituent members of the SCR CA** to maximise the benefits that flow from control over skills, transport and planning as well as the additional resources available to be afforded the residents and businesses of those two places.
- 2.15. When considering the issue of planning transport system flows and investment in key routes then if (as is the case) that the commuter flows from Chesterfield into Sheffield are strong then it is entirely logical that the interests of residents in Chesterfield are better served by an SCR MCA operating over a shared transport function through a single Local Transport Authority. This single LTA would for example be able to deliver the Smart Ticketing and investment required through the devolved, consolidated single transport budget more effectively than under current arrangements.
- 2.16. The Sheffield City Region is a functional economic area; and as such the administrative geography should match the functional economic geography. This is a functioning city region with great scale and great opportunity. Section 6 has demonstrated that there is a strong interrelationship between the South Yorkshire districts of Barnsley, Doncaster, Rotherham, and Sheffield and the economies of Bassetlaw and Chesterfield. On balance, it is clear that these economies are part of the SCR whilst remaining firmly part of the counties of Nottinghamshire and Derbyshire.
- 2.17. **If our economies are so connected then it is logical for the footprint of the SCR Mayoral Combined Authority to be extended to include areas beyond those of South Yorkshire.** The conclusion of this governance review and the Scheme that is presented as a result of this review is that there is a strong rationale in extending the constituent membership of the SCR CA to include the two districts who, through their own local democratic processes, have set out their intention to pursue constituent membership of the MCA.
- 2.18. In so doing these areas are ensuring that the new MCA exercises control over skills, transport, new investment and aligns spatial planning, housing investment far more

effectively. The alternative is that these powers and functions stop arbitrarily at the South Yorkshire boundary. Economies do not work in such arbitrary fashion and nor should the Sheffield City Region MCA.

- 2.19. In addition, because there are similar shared challenges across the Sheffield City Region there is a clear rationale for including these areas within the Mayoral Combined Authority footprint to benefit from spatial planning, aligned policy development on shared issues and the investment to be made through the additional £900m of funding of new initiatives to support economic growth.
- 2.20. Both areas, have taken decisions at their respective Full Councils to seek constituent status membership of the SCR CA and non-constituent status of Derbyshire and Nottinghamshire respectively. It is important to remember in this governance review that there is no suggestion that there is no economic relationship between the district councils and the County Council. But, on **the balance of evidence** it is clear that the relationship is stronger with the areas to the north, rather than the south of Bassetlaw and Chesterfield.
- 2.21. Devolution, and more specifically, the powers to be drawn down through the 2016 Order, will therefore improve the ability of the SCR CA to deliver growth and reform for the people and businesses of the Sheffield City Region.

3. A leading City Region with a strong public-private partnership

- 3.1. As set out in *Figure 2* below, the SCR 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 goes with the grain of recent policy initiatives such as the “Northern Powerhouse” which, at its heart is about the devolution of powers and funding to the English regions in order 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. By the time of the SCR Forum, the Region was thinking well beyond traditional administrative boundaries and this led naturally to the formation of the private sector-led SCR LEP in October 2010.

Figure 2 – the Devolution Journey



- 3.3. Since 2012, using our local levers and the tools given to the SCR by Government, the SCR has been generating significant benefits including supporting companies to create 3,750 jobs, take on 1,700 apprentices and upskilling 1,300 people. This is only the beginning as the SCR has now started to deliver its multi-year Growth Deal programme of investment, forecast to create a further 15,000 jobs by 2021.
- 3.4. Since the LEP’s formation, the SCR has:

(a) **Delivered economic growth**, unlocking private sector investment and jobs.

Including:

- i. Created the UK's #1 Enterprise Zone for Modern Manufacturing and Technology. This Enterprise Zone is home to 18 new companies, ~500 new employees and 160 students training at the University of Sheffield's AMRC Training Centre. The Financial Times' FDi magazine ranked the Enterprise Zone as number 1 in the UK and number 37 in the world.
- ii. Managed a leading (RGF-funded) business investment programme called "Unlocking Business investment". LEP-led, the programme invested £30.6m in 130 companies across the Sheffield City Region, from a small chocolatier in the Derbyshire Dales to large multi-national company in the aerospace sector. This programme has unlocked £208m of private investment, leading to the creation of 2,800 jobs across the City Region. The estimated GVA contribution of the programme is £130m, representing substantially better value for money than the national programme.⁷
- iii. Invested £23.2m through our "JESSICA" investment fund - expected to deliver over 38,000 square metres of employment floor space and 2,200 jobs.

(b) **Good governance** – bringing together the best of the public and private sectors to provide efficient, effective and transparent decision making:

- i. The SCR was first area in the country to agree a Devolution Deal with the current Government – reflecting the area's position at the vanguard of the devolution agenda.
- ii. The SCR has built a robust governance model – built around our thematic Executive Board model that brings together our public and private board members from our LEP and CA.
- iii. The SCR Secured a £350m Growth Deal – structured against the SCR's priorities in relation to Skills, Infrastructure and Business Growth. The Growth Deal allocation was 52% more than if allocated on a per capita basis, reflecting the quality of SCR's Strategic Economic Plan that was submitted to Government. The SCR also secured this investment with the greatest level of flexibility on the basis of its robust governance arrangements.
- iv. The SCR is leading the way nationally on designing local solutions to skills issues – in October 2016 we became the first LEP area to secure a

⁷ NAO (2014) progress report on the Regional Growth Fund.

commitment to the full devolution of the Adult Education Budget (see below).

(c) **We prioritise** – the City Region makes difficult decisions to prioritise investment to deliver the vision and outcomes of our Strategic Economic Plan:

(i) Based on economic impact, we have developed a “best in class” approach to the selection of infrastructure schemes. The Sheffield City Region Investment fund (SCRIF) is forecast to unlock 24,000 jobs and 13,000 homes through investment in infrastructure. 19 schemes will have “spades in the ground” by the end of 2016. Prioritised on the basis of their economic impact, this programme of schemes goes beyond transport investment to wider site assembly to bring forward key development sites.

(ii) The SCR has developed an Integrated Infrastructure Plan – only the second IIP in the country, designed to be the commissioning plan for the infrastructure schemes needed to be able to realise the economic ambitions of the Strategic Economic Plan.

3.5. As detailed in the following section of this review, the October 2015 Devolution Deal was another significant achievement for the SCR and a decisive step forward on this devolution journey.

4. Grounded in the Strategic Economic Plan – our business and political leaders have negotiated an ambitious devolution settlement with Government.

4.1. The entire premise of the SCR CA is that decisions that are about creating economic growth are best made, where possible at the lowest level of government 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 whilst 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 city region wide basis; namely that they better reflect the way in which the “real” economy works.

4.2. On 2 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 local leaders in the City Region including £900m of additional funding which will be made available from April 2016. This deal was an important milestone for the Sheffield City Region, a City Region poised to take centre-stage in the future of the Northern Powerhouse.

The Deal

- 4.3. The Deal agreed was a Deal for economic growth. The headlines of the Deal include:
- (a) devolved transport powers and funding – including the powers to franchise the bus network (subject to legislation);
 - (b) full devolution of the Adult Education (formerly Skills) Budget for college and training providers;
 - (c) 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;
 - (d) control over European Structural Investment Funds (ESIF) via Intermediate Body status in respect to local strategic fit;
 - (e) a greater share of the benefits of economic growth through a pilot of retention of business rate growth (worth approximately £19m additional SCR revenue in 16/17);
 - (f) the co-design and co-commissioning of new employment programmes;
 - (g) an improved approach and greater accountability to Sheffield City Region of national inward investment and trade support;
 - (h) better use of publicly owned assets and increased planning capacity and powers to double the SCR's housing delivery and increase commercial development;
 - (i) recognition of city region assets, including the Advanced Manufacturing Innovation District and the National College for High Speed Rail / National Institute for Infrastructure.
- 4.4. The Deal provides the SCR with a single pot of £484m of funding to invest in economic development over the next five years. Our single pot brings together three main funding strands: (1) 'Gainshare' investment, (2) Growth Deal award and (3) a consolidated transport budget.

Stronger governance

- 4.5. It is clear that the Deal agreed with Government, and the benefits listed above and in the "Deal" document itself, are contingent upon:

The Sheffield City Region Combined Authority [adopting the] model of a directly elected city region Mayor over the Combined Authority's area with the first elections in May 2017. The existing Sheffield City Region Combined Authority will also be strengthened with additional powers.⁸

⁸ <http://sheffieldcityregion.org.uk/wp-content/uploads/2015/10/SCR-Devolution-Agreement-2015.pdf> at p.5.

- 4.6. Accordingly, the concept of a directly elected City Region Mayor and the devolution of powers and funding are inexorably linked. There is no option for the SCR to “cherry pick” the funds and the powers, and not accept changes to local Governance.
- 4.7. Under the terms set out in the Deal:
- (a) the Mayor will chair the SCR Combined Authority – and will lead a SCR Cabinet;
 - (b) 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;
 - (c) 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;
 - (d) on some planning arrangements, specifically the creation of the SCR Spatial Framework unanimous approval from CA members will be required;
 - (e) on proposals for decision by the CA the Mayor will have one vote – as will other voting members on the CA.⁹
 - (f) the Mayor will also be a member of the LEP.
- 4.8. Further points of detail, including power, functions, membership and voting arrangements are set out in the Scheme document which accompanies this review.

5. A stronger *Mayoral* Combined Authority will enable the SCR to deliver on the Devolution Deal and the vision set out in our Strategic Economic Plan.

- 5.1. As detailed above, the purpose of this Governance Review is not to consider the pros and cons of the Devolution deal previously negotiated and consulted upon extensively.¹⁰ The purpose of this review is to consider whether an Order made by the Secretary of State under sections 104-107 of LDEDCA (as amended by the Cities and Local Government Devolution Act 2016)¹¹ is likely to improve the exercise of statutory functions in the area or areas to which the order relates (and whether the other related statutory tests are met).
- 5.2. The conclusion of the Sheffield City Region and of this Governance Review is that it would, and the specific changes set out in the Scheme document at Part 2 are therefore recommended. The fundamentals of the Scheme are that:

⁹ Note, to accommodate the County Councils, a slightly different (but equivalent) arrangement is proposed in the Scheme.

¹⁰ <http://sheffieldcityregiondevolution.org.uk/>.

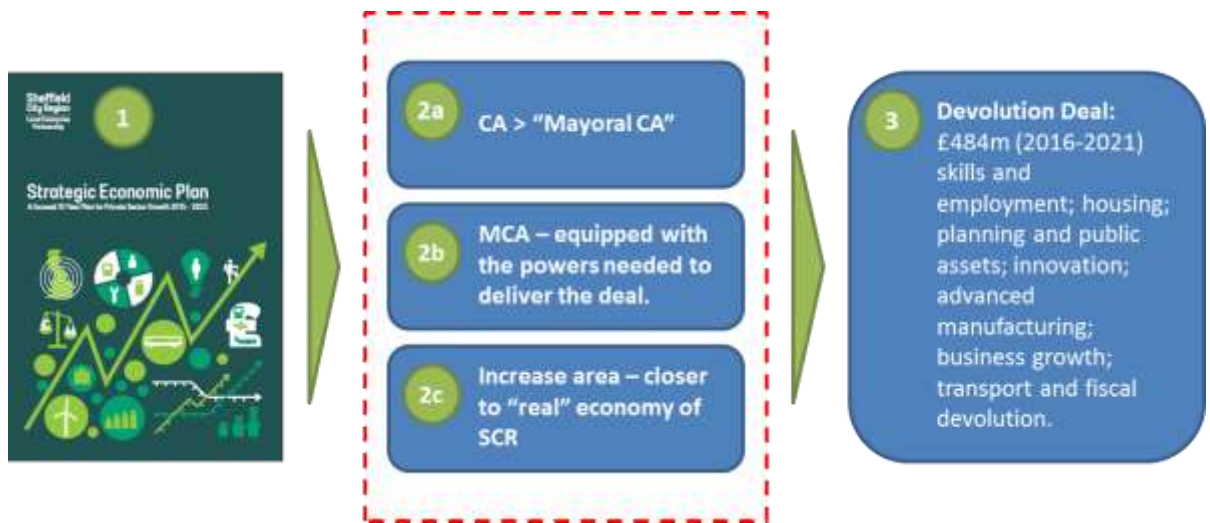
¹¹ Or any other related statutory provision.

- (a) The Combined Authority should be **given the powers it needs** to deliver the ambitions set out in the City Region’s Strategic Economic plan and ambitious Devolution Deal of October 2015.
- (b) That, the area of the Combined Authority should increase to **more closely align to the functional economic area** and / or “real” economy of the Sheffield City Region. Specifically, this means utilising the amendments made by the Cities and Local Government Devolution Act 2016 and changing the status of Chesterfield Borough Council and Bassetlaw District Council from “non-constituent” to constituent members of the Combined Authority.

5.3. In summary and as summarised in *figure 3* below:

- (a) the SCR’s Strategic Economic Plan sets out the SCR’s economic ambitions;
- (b) the October 2015 “Deal” represents a significant step forward towards those ambitions and a new constitutional settlement with Government;
- (c) to deliver on that deal, three specific changes are being sought (the first of which will be catered for by an Order laid by the Secretary of State – the remainder are set out in the Scheme document).

Figure 3 – the Strategic Economic Plan, proposed changes and Deal



5.4. The Scheme document sets out the changes that would form part of an Order laid by the Secretary of State and/or be incorporated in a revised constitution of the Combined Authority. The remainder of this section sets out the rationale for the proposed changes.

A City Region Mayor

- 5.5. The October 2015 Deal made absolutely clear that the significant devolution of powers and funding is contingent upon the Sheffield City Region Combined Authority becoming a “Mayoral” Combined Authority (“MCA”).

As set out at Page 7 of the document:

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. 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.¹²

- 5.6. Regardless of whether or not this is a step that the City Region would take otherwise, the City Region takes the view that Devolution deal (including £484m of funding between 2016 and 2021) is a sufficient incentive to change to this model of governance.
- 5.7. The Secretary of State for Communities and Local Government will lay an order before both houses of Parliament which, in keeping with the Deal previously agreed and consulted upon, provides that there will be a Sheffield City Region Mayor and that there will be an election in May 2017. The Scheme set out at Part 2 of this document deals with all other matters apart from these bare facts including: the functions of the Mayor, the relationship between the Mayor and members of the CA (i.e. the CA’s Cabinet), voting rights and other key constitutional matters

The Powers to deliver the Deal

- 5.8. Whilst ambitious, a great deal of what the SCR is seeking to achieve through the Deal can be achieved through existing powers and functions of the Combined Authority. However, as detailed in Part 2 of this document (the Scheme) some additional powers are required in order to deliver the Deal.
- 5.9. 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 and deliver the elements of the 2nd October devolution deal as previously agreed by all constituent and non-constituent members. 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 delivery of the statutory functions is set out in the table below.

¹² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/466616/Sheffield_devolution_deal_October_2015_with_signatures.pdf

Table 1 – Rationale for powers sought through the Scheme.

Theme Power(s)	Rationale
Spatial planning	<p>The SCR Strategic Spatial Framework will enable an informed, integrated approach to be taken to spatial planning across the city region, based on a clear understanding of the role of our places and the connections between them.</p> <p>The additional Mayoral planning powers will enable the Mayor and the Combined Authority to drive development and regeneration across the area.</p>
Housing	<p>Building on the SCR Devolution Agreement, the SCR has continued its positive engagement with senior Government Officials, receiving continued support from the Homes and Communities Agency (HCA) at a strategic and operational level. SCR is now in a strong position to progress work with the HCA on the co-design and development of SCR funding programmes and products.</p> <p>SCR is requesting a number of housing powers (concurrent with the HCA 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, with such powers becoming increasingly important as SCR moves towards the investment of funds under local control in the delivery of housing. In addition, they complement the Mayoral Development Corporation (MDC) powers, enabling a range of activity to be carried out across the SCR.</p>
Transport	<p>By providing the Mayoral CA with the ability to manage the provision of public transport services, there will be the opportunity for better services, aligned transport investment and the delivery of integrated smart ticketing</p>

Theme Power(s)	Rationale
	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.
Skills 19+	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 on adult skills in the SCR will be better aligned with locally determined priorities to ensure that SCR residents have the skills required to help businesses to grow, innovate and diversify.
Finance: <ul style="list-style-type: none"> ● Introduction of a Mayoral precept to support the discharge of mayoral functions and SCR levy to support non-transport functions which a CA may subsequently assume. ● SCR CA borrowing powers. 	SCR CA functions in relation to economic development and regeneration are currently funded through a recharge to the constituent councils. A precept or a levy would offer greater transparency to SCR residents in relation to the funding of Mayoral functions. The SCR CA can currently only borrow in relation to transport functions. This limits the ability of the SCR to raise investment funds that can be used to invest in projects that generate economic growth.
Constitutional and governance changes.	Such arrangements will ensure the effective operation of SCR governance arrangements, including clear arrangements to ensure transparency and accountability.

The powers in detail

- 5.10. The purpose of the MCA (like the Combined Authority itself) is to facilitate devolution i.e. bring powers closer to the electorate. This is a fundamentally democratic aim, consistent with the SCR's general policy of subsidiarity i.e. that functions should be delivered at the lowest practicable level, be that national, "Northern", City Region, LA or even at a sub-LA level.
- 5.11. Accordingly, the Scheme set out at Part 2 does not propose that any powers are "ceded" to the MCA from current constituent and/or non-constituent members. Rather, the powers are either exercised concurrently (i.e. by both the MCA and

constituent authorities) or ceded from Government Ministers or departments to the MCA. However, in line with provisions made in the Cities and Local Growth Act 2016 there may be some transfer of County functions to the MCA to reflect the proposed change in the geographical area of the MCA.

- 5.12. The following sections detail how the CA 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. 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.
Skills 19+	<p>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)(Page 8).</p>	<p><u>“Readiness conditions”</u></p> <p>The devolved powers and functions set out in the Devolution agreement are subject to 6 “readiness conditions” namely:</p> <ol style="list-style-type: none"> 1) 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.
Skills (16-18)	<p>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 (Page 9).</p>	<ol style="list-style-type: none"> 2) Completion of the Area Review process leading to a sustainable provider base. 3) After the area reviews are complete, 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. 4) 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. 5) Learner protection and minimum standards arrangements agreed. 6) Funding and provider management arrangements, including securing financial assurance, are agreed in a way that minimises costs, maximises consistency and transparency. <p>The Department for Business Innovation and Skills (BIS) 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> <p>(a) Apprenticeship, Skills, Children and Learning Act 2009 (ASCAL 2009) as amended</p>

Theme	The Deal (substantive elements)	Specific powers / duties required to deliver the Deal.
		<p>by the Deregulation Act 2015.</p> <p>(b) Employment and Training Act 1973.</p> <p>Details of the specific provisions will be provided by the Secretary of State in due course (and will be subject to future Order).</p> <p><u>Local Authority powers to be exercised</u> concurrently by the MCA (i.e. these would be CA/non-mayoral powers).</p> <p><i>Education and Skills Act 2008</i></p> <p>(a) Sections 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).</p> <p>(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> <p><i>Education Act 1996</i></p> <p>(a) Section 13A (duty to promote high standards in primary and 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><i>Further and Higher Education Act 1992</i></p> <p>(a) Section 51A (provision of education services for named individuals).</p>

Theme	The Deal (substantive elements)	Specific powers / duties required to deliver the Deal.
Employment	<p><i>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 (Page 10).</i></p>	<p>No specific additional powers and/or duties required to implement this aspect of the Deal at this stage.</p>
Housing and planning	<p><i>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:</i></p> <p><i>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.</i></p> <p><i>b) Create supplementary planning</i></p>	<p><u>Spatial Development Strategy</u></p> <p>(a) Power to be granted to SCR Mayor equivalent to the duty of the London Mayor to prepare and publish a “spatial development strategy” under Section 334 of the Greater London Authority Act 1999 (to be known as the “spatial framework”) for the economic area.</p> <p>(b) Sections 334 – 350 GLA 1999 legislation to apply with necessary reference changes and the following specific modifications:</p> <ul style="list-style-type: none"> i. Procedure for adoption of policy varied to exclude requirements for examination in public. Instead the Mayor to publish and adhere to a “statement of stakeholder engagement” equivalent in content to a statement of community involvement. ii. The duty for development plans to be in general conformity with the mayor’s plan to be limited to a duty for constituent member local planning authorities “to have regard to” the Mayors plan when preparing and adopting development plan documents under Section 19 of the Planning and Compulsory Purchase Act 2004 (and any other consequential or incidental amendments to legislation e.g. Section 347 GLAA 1999). iii. Mayor to have regard to local plans under Section 342 in preparing the Mayor’s Spatial Framework.

Theme	The Deal (substantive elements)	Specific powers / duties required to deliver the Deal.
	<p><i>documents, subject to approval processes in paragraph 21a [of the Deal].</i></p> <p>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> <p>d) Be consulted on and/or call-in planning applications of strategic importance to the City Region.</p> <p><i>HMG will work with Sheffield City Region to support the operation of the Joint Assets Board, and support better coordination on asset sales. (P11/12)</i></p> <p><i>Sheffield City Region intends to develop further a proposition on a Housing Investment Fund, for development with HM Government.</i></p>	<p>(c) Mayor to be a statutory consultee (prescribed body) in preparation of local plans under regulation 4 of the Town and Country Planning (Local Planning)(England) Regulations 2012.</p> <p><u>Supplementary Planning Guidance</u></p> <p>(a) The adoption of Sections 334 – 350 would include an adaptation of section 348 to allow the Mayor to provide formal supplementary guidance on policies within his plan.</p> <p>(b) LPA to have regard to Mayors plan and any supplementary guidance issued under it in preparation of local plans under Section 19 PCPA 2004.</p> <p><u>Mayoral Development Corporations</u></p> <p>(a) Mayor to have powers equivalent to London Mayor under Part 8 Chapter 2 of Localism Act 2011 with the following modifications:</p> <p>i. Any powers exercisable by the Mayor to be exercised only with the consent of the Combined Authority member for the area(s) of the Mayoral Development Corporation(s).</p> <p><u>Consultation on Planning Applications</u></p> <p>(a) LPAs to be required to consult the Mayor on applications of potential strategic importance (PSI). Requirement to be achieved by adding the Mayor as a statutory consultee to PSI applications under Schedule 4 of the Town and Country Planning (Development Management Procedure) Order 2015. PSI applications to be defined in the Order – similar to but more limited than the definition of PSI in the Town and Country Planning (London Mayor) Order 2008 e.g. large scale housing of at least 300 houses; large commercial schemes in excess of 15,000 sq metres; large scale infrastructure and waste management facilities; departures from the</p>

Theme	The Deal (substantive elements)	Specific powers / duties required to deliver the Deal.
		<p>agreed development plans of LPAs, and other schemes which would affect the delivery of the Mayor’s Spatial Framework. The Mayor would have the power to amend the definition of PSI thereafter</p> <p>(b) The Mayor should be a statutory consultee and interested party under the Planning Act 2008 for any Nationally Significant Infrastructure Projects that may have an effect on the Sheffield City Region.</p> <p><u>Housing</u></p> <p>(a) The MCA to exercise the objectives and functions of the Homes and Communities Agency (“HCA”) 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 the HCA with respect to the area of the MCA.</p> <p>(b) These functions would be non-Mayoral functions with the exception of the specific HCA compulsory purchase powers (which would be a mayoral function).</p> <p>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 have the benefit of exemption from Section 23 of the Land Compensation Act 1961 enjoyed by the HCA under section 23(3)(d) of that Act.</p>

Theme	The Deal (substantive elements)	Specific powers / duties required to deliver the Deal.
Transport	<p><i>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.</i></p> <p><i>The directly elected Mayor of the Sheffield City Region Combined Authority will by 2017 be able to utilise functions, granted to the Mayoral Combined Authority, for the franchising of bus services in the area of the Combined Authority,. This will be enabled through a specific Bus Services Act, to be introduced as a Bill during the first Parliamentary session of 2016, which will provide the necessary functions for a Mayoral Combined Authority.</i></p> <p><i>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</i></p>	<p><u>Mayoral Powers</u></p> <p><i>Bus Services Bill 2016</i></p> <p>(a) Mayoral Bus Franchising - the power for a Mayor to franchise bus services in a CA Area.</p> <p><u>MCA Powers</u></p> <p>(a) Bus Services Bill 2016 - Enhanced Voluntary Partnerships (Power for a CA to promote an enhanced version of the voluntary Partnership model).</p> <p>(b) Local Transport Authority (LTA) - The MCA becoming the LTA for the extended Sheffield City Region Combined Authority will mean the MCA exercising the specific functions of an LTA in that extended area.</p>

Theme	The Deal (substantive elements)	Specific powers / duties required to deliver the Deal.
	<p><i>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.</i></p> <p><i>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 13 granted, if practical proposals for improving and speeding up the process are identified.</i></p> <p><i>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 (P12-13).</i></p>	
Trade and Investment	<p><i>HM Government commits to strengthening support available for both trade and investment in the Sheffield City Region (P13).</i></p>	<p>No specific additional powers and/or duties required to implement this aspect of the Deal.</p>

Theme	The Deal (substantive elements)	Specific powers / duties required to deliver the Deal.
Innovation	<p><i>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... (P14).</i></p>	<p>No specific additional powers and/or duties required to implement this aspect of the Deal.</p>
Business Growth and Support	<p><i>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%.</i></p> <p><i>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.</i></p> <p><i>The Sheffield City Region LEP has requested additional flexibility on the use of Enhanced Capital Allowances within its Enterprise Zones.</i></p>	<p>No specific additional powers and/or duties required to implement this aspect of the Deal at this stage.</p>

Theme	The Deal (substantive elements)	Specific powers / duties required to deliver the Deal.
	<p><i>The government is open to further discussion on this providing proposals are compliant with State Aid rules and are fiscally neutral (P15).</i></p>	
Fiscal	<p><i>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.</i></p> <p><i>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.</i></p> <p><i>The Cities and Local Government Devolution Bill¹³ currently in parliament will establish the</i></p>	<p><u>Intermediate body status</u></p> <p>Intermediate Body status does not require additional power in the context of the CA (or MCA). However, the Government will need to grant those powers through specific EU regulations.</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 should provide for the MCA to have borrowing powers in respect of all of its functions.</p>

¹³ The Cities and Local Government Devolution Bill was introduced in the House of Commons on 28 May 2015, completed its parliamentary stages on 12 January 2016 and received Royal Assent, thereby becoming law on 28 January 2016.

Theme	The Deal (substantive elements)	Specific powers / duties required to deliver the Deal.
	<p><i>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.</i></p> <p><i>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.</i></p>	

6. Moving towards an administrative geography that reflects the Sheffield City Region's economic reality

- 6.1. In 2010 the Sheffield City Region Local Enterprise Partnership was created – this was the first formal arrangement to reflect the nature of our interconnected city region economy. The LEP from the start included districts from North Derbyshire and Nottinghamshire. Since the creation of the LEP, we have worked across the nine councils on issues relating to business growth schemes, skills programmes and investment in infrastructure.
- 6.2. We have, to date also ensured that working relationships with LEPs to the north and the south of the SCR are strong. We have worked on joint inward investment and promotion activity with the Leeds City Region and made joint investments in infrastructure schemes through the SCR Investment Fund (SCRIF) with the Derbyshire and Nottinghamshire Local Enterprise Partnership (D2N2).
- 6.3. However, as set out in other sections of this governance review maintaining the status quo will not enable the most effective implementation of the new powers proposed in the Scheme, particularly those over skills investment, transport and spatial planning. This is based on an independent economic analysis that makes clear that there are strong economic linkages between the district councils in the south of the city region and that of those in South Yorkshire.
- 6.4. To help us understand how our city region works in practice and as part of the development of our Governance Review, the SCR commissioned an independent analysis of the economic and spatial arguments to expand the constituent membership of the SCR¹⁴. This work was undertaken by SQW¹⁵ who worked in partnership with Trends Business Research Limited and Cambridge Economics Limited to provide an independent perspective of the economic linkages within our functional economic areas. Evidence from this analysis is summarised below in relation to the City Regions key arguments for the expansion of the constituent membership of the CA.

Functional economic area

- 6.5. As highlighted in our Independent Economic Review, the **Sheffield City Region is a polycentric city region**¹⁶. The area is comprised of a number of interconnected economic centres that collectively form the City Region, bringing together both urban and rural areas.

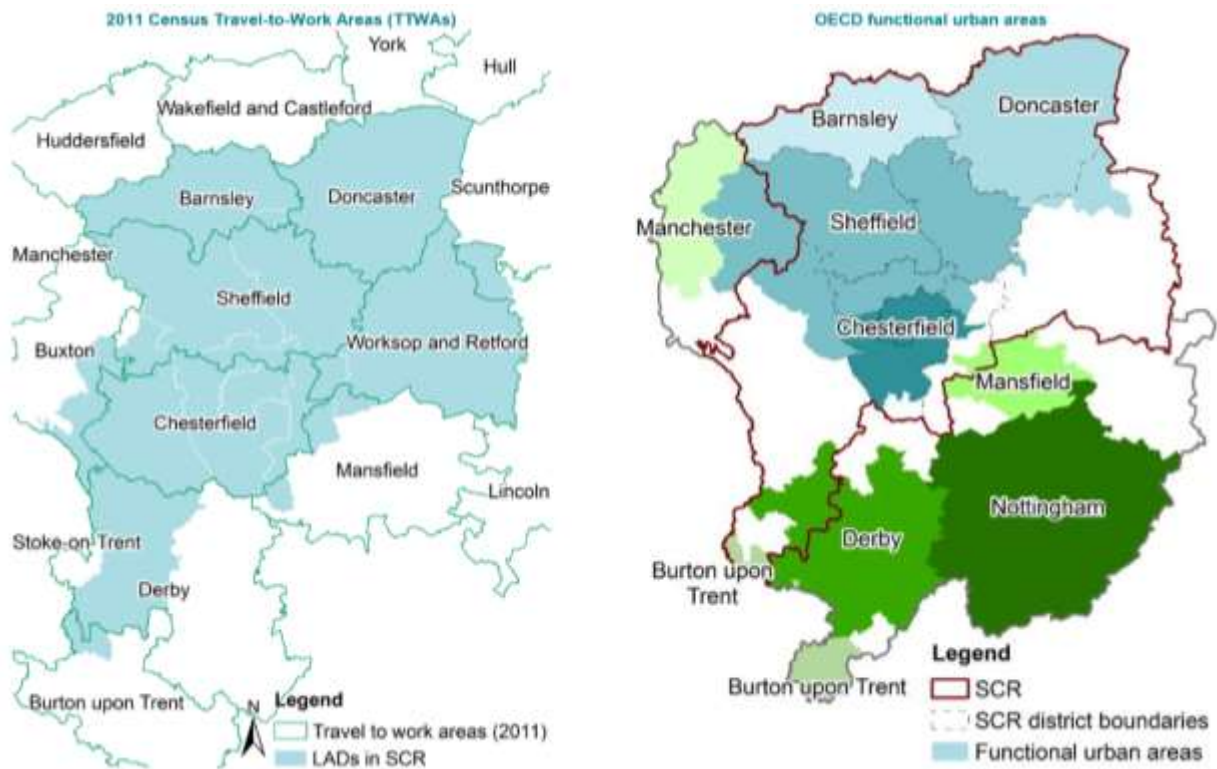
¹⁴ SQW (2016) SCR Combined Authority Constituent Membership Expansion, The Economic and Spatial Argument

¹⁵ <http://www.sqw.co.uk/>

¹⁶ Ekosgen (2013) Sheffield City Region Independent Economic Review

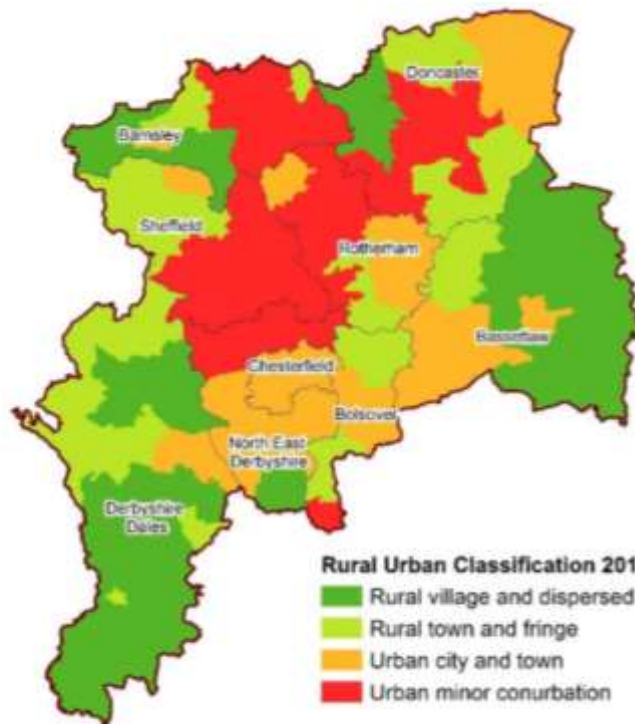
6.6. As work by the Organisation for Economic Co-operation and Development (OECD) has shown there are four functional urban areas (FUAs) within the City Region, see the figure below. All four of these areas – Barnsley, Chesterfield, Doncaster and Sheffield – are **contiguous, with a distinct gap between these SCR FUAs and the D2N2 area**. Similarly, the Office for National Statistics (ONS) definition shows the **four Census travel-to-work areas (TTWAs), map very closely onto the SCR footprint**.

Figure 4: Travel to work map



Source 1: SQW (2016) SCR Combined Authority Constituent Membership Expansion, *The Economic and Spatial Argument*

Figure 5: SCR rural urban classification 2011 by MSOA



Source: Defra RUC 2011. Map produced by SQW 2016. Licence 100030994. Contains OS data © Crown copyright [2015]

Source 2: SQW (2016) SCR Combined Authority Constituent Membership Expansion, *The Economic and Spatial Argument*

6.7. **The SCR is a functional economic geography.** Collectively, the nine local authority areas that comprise the SCR have a total population of 1.8m, an economy worth £31bn p.a., employing more than 800,000 people. **The current position where only the four South Yorkshire council areas of Barnsley, Rotherham, Doncaster and Sheffield are part of the Combined Authority does not reflect that economic geography.** The proposed addition of Chesterfield and Bassetlaw as constituent members of the CA will much more closely reflect this area than is currently the case. For example, the combined weight of the six districts accounts for 87 per cent of SCR’s total economic output (measured by GVA), 86 per cent of its population and 85 per cent of its business base. Ultimately the proposed expansion will increase the scale of the Combined Authority by 18 per cent in terms of GVA, 18 per cent in terms of jobs and 20 per cent by way of business numbers. **This will bring the constituent membership of the CA much more aligned to the functional economic geography,** creating an area of increased economic significance.

Figure 6: key statistics on the economic scale of the SCR if constituent membership was expanded

	Sheffield City Region	Proportion accounted for by the six LADs	Date & source
Gross Value Added (GVA)	£31,225m	87%	2015, Cambridge Econometrics
Employment (i.e. workplace jobs)	813,000	87%	2015, Cambridge Econometrics
Population	1,832,100	86%	2014, ONS
Working age population (WAP)	1,159,300	87%	2014, ONS
WAP in employment	812,233	86%	2013-15, APS
%all in employment who are managers, directors & senior officials	66,367	80%	2013-15, APS
Enterprises	41,765	80%	2015, ONS
Business starts	7,080	85%	2014, ONS

Source: As above

Source 3: SQW (2016) SCR Combined Authority Constituent Membership Expansion, The Economic and Spatial Argument

6.8. On this basis the proposed expanded constituent membership **better reflects the ‘real’ level at which the economy operates on a day-to-day basis**. For example, where people live, work and spend their disposable income. This is evidenced by a number of key factors including:

- (a) **Travel to work:** 16% of Bassetlaw’s working residents commute to employment in South Yorkshire, with Doncaster, Sheffield and Rotherham having the three highest levels of out-commuting from the authority. Similarly, 9% of Chesterfield’s working residents commute to employment in South Yorkshire with over 3,100 people commuting into Sheffield on a daily basis, which is the second highest destination for out-commuters after North East Derbyshire.
- (b) **Retail catchments:** Within Chesterfield’s wider retail catchment (comprising a total population of 1.1 million people), Meadowhall was the most visited centre securing 16 per cent of shopping trips in 2015, followed by Sheffield central (15 per cent) and Chesterfield with nine per cent market share. According to Sheffield’s 2014 Retail Capacity Study, 40 per cent of all spend on comparison goods by Bassetlaw’s residents takes place in Sheffield city centre and Meadowhall.

Common characteristics and supply chain linkages

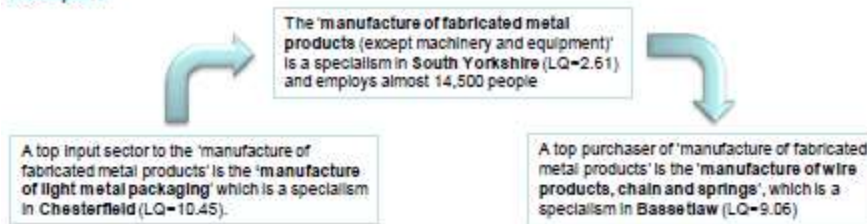
6.9. The industrial legacy of mining and steel manufacturing provides a shared history across the City Region. The economic restructure that has taken place since the

1980s provides the **area with a number of common characteristics**. This includes both shared characteristics and opportunities for growth and specialisation, in addition to shared challenges.

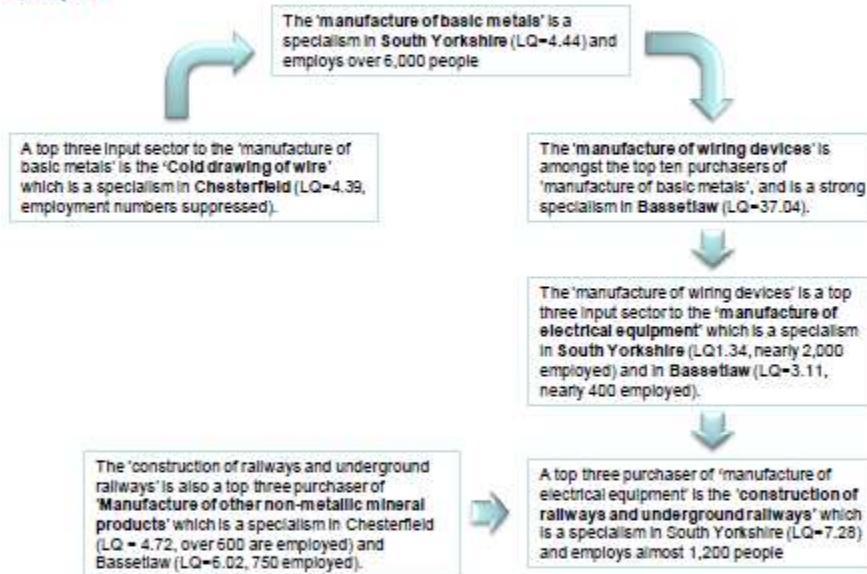
- 6.10. Economic opportunities afforded to the area include **an interconnected business base**, with particular sectoral specialisms in manufacturing and engineering, including the manufacturing of Basic Metals and Metal Products, Non-Metallic Mineral Products, Electrical Equipment, and Machinery. For example:
- (a) One of the largest specialist sectors in South Yorkshire is Healthcare Technologies (Location Quotient, LQ=10.28) which employs over 40,000 people. The Healthcare Technologies sector is also an area of specialism in Bassetlaw and Chesterfield, employing around 3,600 and over 4,000 people respectively.
 - (b) The Manufacturing of Fabricated Metal Products (excluding Machinery) is a specialism in South Yorkshire, Chesterfield and Bassetlaw, and together these areas account for 88 per cent of all SCR's employment in the sector (over 16,000 people). The Manufacturing of Machinery is also a specialism in these areas, and together they represent 90 per cent of all SCR's employment in the sector (over 4,600 people).
 - (c) The six districts have many national and/or international class assets, including the Advanced Manufacturing Research Centre (AMRC), which is part of the UK's Catapult Network, the Medical and Nuclear AMRCs, Factory 2050, the National Metals Technology Centre, the Materials and Engineering Research Centre at Sheffield Hallam University, and the Advanced Computing Research Centre at the University of Sheffield. Furthermore, the National College for High Speed Rail is currently under construction with the City Region.
 - (d) There is clear alignment between SCR's university specialisms – for example in Advanced Computing, Mechanical Engineering, Control Systems Engineering and Management at the University of Sheffield – and the sector specialisms across the wider business base, so providing a supply of highly skilled and relevant labour to SCR's businesses.
- 6.11. In addition to the above, there are strong supply chain linkages between the common specialisms and six districts.

Figure 7: supply chain linkages

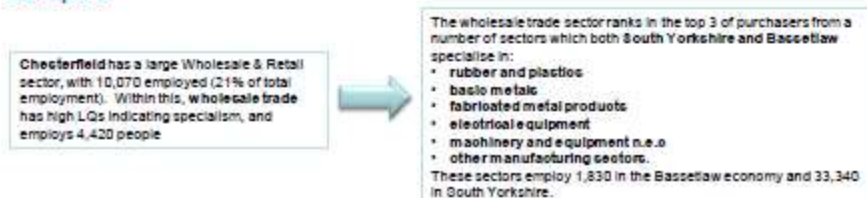
Example 1



Example 2



Example 3



Source: SQW analysis of TBR data

Shared challenges and opportunities

6.12. In addition to these opportunities, there are also a number of **shared challenges** including:

- (a) Low productivity: all districts – and the SCR as a whole – are below the national average in terms of both GVA per head and GVA per job (between £36,500 and £40,500 compared to the UK average of £36,000).
- (b) Unemployment and without qualifications: The six districts account for the majority of SCR's working age population who are unemployed (94 per cent) and without qualifications (89 per cent).

(c) Health deprivation: Long-term limiting illness is a prevalent issue across the geography, with 10.7 per cent of SCR's residents stating their 'day to day activities are limited a lot by health issues' in the 2011 Census. The proportion in Bassetlaw and Chesterfield exceeds the SCR average (at 10.8 per cent and 11.5 per cent, respectively).

6.13. The scale of these economic challenges mean that the area has to be ambitious. Baseline forecasts show that by the 2030 the SCR will grow its economy by 38,000 jobs¹⁷. However, due to the economic challenges facing the area there is a need to grow at a faster rate of creating 70,000 jobs as articulated through our Strategic Economic Plan. A key defining characteristic of the Devolution Deal agreed between the City Region and government was providing the SCR with the freedoms, flexibilities and funding it needed to realise the economic ambitions of the Strategic Economic Plan.

6.14. **Based on the above, the evidence makes clear economic and practical sense for the 6 constituent areas to work together for economic development purposes.**

7. More effective and convenient local government

7.1. In addition to the economic rationale, and the fact that extending the CA area to include the areas of Chesterfield and Bassetlaw will give those areas access to the benefits of the SCR Deal in full, **the addition of these areas for economic development purposes will significantly reduce the complexity and the local government structures for the two areas concerned.**

Reducing complexity

7.2. Specifically, at present both Bassetlaw District Council and Chesterfield Borough Council are non-constituent members of the SCR, a lower-tier authority within their respective counties and a member of the D2N2 LEP. For funding purposes, this involves the division of a number of funding streams between the two LEP areas.

7.3. This requires the full engagement of these two areas with both sets of LEP-arrangements. Whilst all parties make every effort to minimise the detrimental impact of this duplication, it inevitably leads to a degree of complexity. Such complexity also creates confusion in terms of accountability (to both Government and to the electorate) which may act as a barrier to future devolution and democratic engagement.

7.4. The SCR agrees with Government that, whilst this overlap is sustainable in the absence of a directly elected City Region Mayor, the creation of an MCA with new powers and responsibilities requires clearer accountability structures (otherwise the democratic benefit of such a role is undermined). This does not suggest a change to

¹⁷ Source: SQW analysis of CE projection.

the geographic boundaries of the two Local Enterprise Partnerships but a logical corollary may be that future national LEP funding allocations, such as Local Growth Fund may reflect revised constituent membership status of the SCR CA.

- 7.5. The Scheme at Part 2 of this document provides a proposal for a form of shared mayoral governance that:
- (a) brings together the met districts, the two county councils and the lower tier authorities;
 - (b) will clarify the role of the constituent and non-constituent members of the CA;
 - (c) will engage all tiers of local government in relevant decisions;
 - (d) will provide a platform for engagement with neighboring LEPs (including D2N2 LEP).
 - (e) will provide a platform for the devolution of powers and funding to the constituent members;
 - (f) will support the development of shared priorities such as the development ambitions at Markham Vale and key initiatives such as Peak Resort – where the input of all partners is required to make such initiatives a success;
 - (g) recognises that, for some functions, a set of transitional arrangements will be required.

More effective local government

- 7.6. Extending the CA-area to cover the areas of Chesterfield and Bassetlaw will therefore:
- (a) give these areas access to substantial powers and funding and
 - (b) reduce the complexity of local arrangements (as above)
 - (c) as noted above – do so in a way which best reflects the “real economy” of the City Region.
- 7.7. The electorate in these areas will elect a City Region mayor, who will be responsible for those devolved powers and functions contained within the Deal and in future devolution settlements.
- 7.8. When considering these arrangements, specific regard is had to the area of Chesterfield, which is for historical reasons is separated from the Sheffield City Region by a small part of North East Derbyshire in and around the area of Donfield. Prior to the reform of LDEDCA (the Local Democracy, Economic Development and Construction Act 2009), the area of Chesterfield would have been unable to become a constituent member of the SCR on the basis that it does not (technically) share a border with any part of South Yorkshire.

- 7.9. The Secretary of State quite rightly took steps to reform LDEDCA and to allow CAs to be formed on a (technically) non-contiguous footprint where there is a clear case to do so. Again, the economic evidence alongside the physical “lie of the land” in this part of the City Region create an overwhelming case to accede to the wishes of Chesterfield Borough Council and utilise this amendment (for further detail on this point see Section 6 of this review regarding the considerable economic linkages between the areas of Chesterfield and Bassetlaw and the current constituent areas of the CA).
- 7.10. The proposals set out in the Scheme document will lead to an unprecedented level of cross border working in the areas of Bassetlaw and Chesterfield (and indeed with respect to the three proposed non-constituent members). For these areas, and for the first time, we are proposing to bring all of the key interested parties (i.e. the MCA, the Counties, the District Councils, the neighbouring Metropolitan Districts and the LEPs) together in one integrated forum (i.e. the MCA) in order to drive economic growth and development in these important areas. On this basis this review is clear that the arrangements proposed will benefit both:
- (a) the 6 proposed constituent members of the MCA (including the two County Councils with respect to the defined part of their area);
 - (b) the 3 non-constituent members;
 - (c) neighbouring areas, as these arrangements will reinforce connections between those areas and the Sheffield City Region (which includes the two Counties with respect to the remainder of their area).
- 7.11. As an example of the benefits to neighbouring areas, by virtue of the inclusion of a part of their area, the two county councils will become constituent members of the MCA. As such, these neighbouring areas will be directly involved in decisions relating to cross-border functions and key priorities (such as Markham Vale) which require the contribution of all tiers of local government and the private sector.

Non-constituent members and the relationship with the SCR Combined Authority

- 7.12. The district councils of North East Derbyshire, Bolsover and Derbyshire Dales have ratified the devolution deal as signed on the 2nd October 2016 and set out their intention to remain non-constituent members of the SCR CA. These three authorities form an important part of the city region’s functional economic area whilst also having economic linkages with the other centres to the south of the city region.
- 7.13. It is expected that **non-constituent members will remain key members of the City Region but will not be part of the Mayoral electoral franchise i.e. vote for the Mayor in 2017**. The role and status of these members will only be enhanced by the

future participation of the two County Councils in the MCA.¹⁸ The non-constituent members of the CA will continue to enjoy the benefits of functions of the LEP e.g.

- (a) access to investment through the LEP's Business Investment Programme and the Northern Powerhouse Investment Fund;
- (b) access to the SCR Skills Bank;
- (c) access to the Services of the Growth Hub and SCR Inward Investment Team.

- 7.14. On strategic spatial planning, it is proposed that the non-constituent members will be part of the development and the unanimous approval of the strategic spatial framework because of their role in the functional economic geography of the SCR. As such, non-constituent councils could take voluntary steps to align their local plans to an over-arching SCR strategic spatial framework. To be clear, non-constituent members will never be required to abide by an SCR spatial framework unless they have agreed to do so.
- 7.15. When utilising any general and/or functional power of competence (as determined by the Secretary of State), any elected SCR mayor will respect the mandate on which he or she is elected and only act outside the constituent area (if at all) with the consent of the area concerned.
- 7.16. In summary, the proposals in the Scheme are of no dis-benefit to the non-constituent members. The only disadvantage is that, as non-constituent members, these areas will not be able to access the full extent of the Deal agreed with Government. Accordingly, in the absence of a D2N2 "Deal" at the time of the production of this governance review and scheme, national programmes will continue to operate in these areas, and there may be less devolution and more centrally delivered and controlled services.

Transitional arrangements

- 7.17. It is recognised as part of this review, that the proposed arrangements create some short-term complexity, especially during the transition phase. The SCR proposes that, in areas such as public transport in particular, a measured, transitional approach is taken over the coming months. The SCR is already working with the neighbouring County Councils to consider the issues associated with this transition and to co-design a suitable solution. This may mean a period of concurrent exercise of Local Transport Authority functions with protocols to regulate the exercise of those functions.
- 7.18. In particular, it is recognised that the delivery of public transport functions in the areas of Chesterfield and Bassetlaw may take a number of years to become consistent with that of South Yorkshire. Transition issues include:

¹⁸ Subject to the discretion of the Secretary of State.

- (a) The transition of tendered bus services – many of which (naturally) are underpinned by contracts of varying duration. Further, an arrangement would have to be reached with the Counties for the disaggregation of the Bus Service Operator Grant for tendered services.
 - (b) Concessionary fares - which are different in South Yorkshire, when compared to Chesterfield and Bassetlaw.
 - (c) Infrastructure - future management of LTA assets (e.g. bus stations) would need to be determined.
- 7.19. A taskforce has been established to work through this any other issues and will recommend the optimal solution to ensure a transition that does not impact public transport users.

8. A neutral or no impact on the identities and interests of local communities

Economic focus

- 8.1. As detailed above, the SCR has been working together for a number of years. During this time, there has been no impact on the identities of individuals and communities who freely associate themselves with the ceremonial counties of Yorkshire, Derbyshire and Nottinghamshire (or none of the above). LEPs and City Regions were formed to support economic growth across functional economic areas and not to influence such matters of identity.
- 8.2. This point was considered at length at a recent Chesterfield Borough Council meeting on 3rd March 2016, where the Leader remarked:

“It is important to be clear on what this debate is and isn’t about.

It is not a debate about whether Chesterfield remains in the geographical boundaries of Derbyshire. We are proud to be in Derbyshire and will stay in Derbyshire irrespective of the outcome of these discussions.

It is also not a debate about losing any of our council’s current powers and responsibilities or about the role of Chesterfield’s civic mayor.

What this debate is about is what is best for our economy, for the jobs and training prospects of our residents, for the future sustainability and growth of our businesses, as well as access to millions of pounds worth of investment (emphasis added).

At the moment many of the powers that we need are held by the Government. We are therefore being asked how best these powers and the accompanying money can

be devolved down to a more local level that is in the own self-interest of the people of Chesterfield.”¹⁹

- 8.3. The position of the Leaders of Chesterfield Borough Council was greeted by cross-party support. This sentiment is equally applicable to Bassetlaw District Council. Accordingly, the proposed arrangements in the Scheme document are **entirely neutral with respect to the impact on the identities of local communities.**
- 8.4. In respect of the issue of interests of local communities the key points made in this governance review, as backed up through the economic case is the contention that because of commuter flows and the interactions of our business base the interests of residents and businesses in both Bassetlaw and Chesterfield as pertaining to the economic sphere are better served by the Mayoral Combined Authority exercising its functions and powers over these two places.

Changing the name of the SCR CA

- 8.5. One matter of identity that is important is the statutory name of the MCA. Given the membership of the CA at the time, the Government took the view in April 2014 that the Sheffield City Region Combined Authority must be referred to as the *Barnsley, Doncaster, Rotherham and Sheffield Combined Authority*. Given the addition of two constituent members, it is now appropriate for the statutory name of the combined authority to align with the name used locally for some time. Accordingly, the Scheme at Part 2 of this document suggests the affirmation (through Order) that the MCA is to be referred to as the *Sheffield City Region Combined Authority*.

¹⁹ <http://www.chesterfield.gov.uk/business/regeneration/devolution-and-combined-authorities/sheffield-city-region-devolution-area.aspx>

Part 2
The Scheme
(June 2016)

Scheme to expand the area of and give new powers to a Mayoral Combined Authority

1. Intention to expand the area of the Mayoral Combined Authority

- 1.1. Pursuant to Section 107A of the Local Democracy, Economic Development and Construction Act 2009 “LDEDCA”,²⁰ a Mayoral Combined Authority (“MCA”) is to be established through an order of the Secretary of State for Communities and Local Government (draft order laid 27/06/2016).²¹
- 1.2. The boundaries of the existing Sheffield City Region (“SCR”) CA will be changed in accordance with s.113 of LDEDCA with the addition of the local government areas of Bassetlaw District Council and Chesterfield Borough Council.
- 1.3. The MCA will be built upon the existing combined authority (“CA”) in the SCR, formed through the Barnsley, Doncaster, Rotherham and Sheffield Combined Authority Order 2014.²² To reflect the new status of the areas of Bassetlaw and Chesterfield, the statutory name of the MCA will be the “Sheffield City Region Combined Authority”).

2. Membership of Authority

- 2.1. Membership of the MCA will be drawn from the constituent and non-constituent councils listed below:-

Barnsley Metropolitan Borough Council

Bassetlaw District Council

Chesterfield Borough Council

Doncaster Metropolitan Borough Council

Rotherham Metropolitan Borough Council

Sheffield City Council

Nottinghamshire County Council in relation to the area of Bassetlaw and

Derbyshire County Council in relation to the area of Chesterfield²³.

(“constituent councils”)

Bolsover District Council

²⁰ As amended by the Cities and Local Devolution Act 2016.

²¹ <http://www.legislation.gov.uk/ukdsi/2016/9780111147689>.

²² http://www.legislation.gov.uk/ukdsi/2014/9780111109526/pdfs/ukdsi_9780111109526_en.pdf

²³ Subject to the discretion of the Secretary of State.

North East Derbyshire District Council

Derbyshire Dales District Council

(‘non-constituent councils’).

- 2.2. As listed in Section 2.1 by virtue of the inclusion of the areas of Bassetlaw and Chesterfield as constituent members, the County Councils of Derbyshire and Nottinghamshire shall also be constituent members/authorities but only in relation to these districts.²⁴ Residents of Nottinghamshire and Derbyshire outside of the areas of Bassetlaw and Chesterfield will not form part of the electoral franchise for the Mayor.
- 2.3. The MCA membership will include a directly elected City Region Mayor as provided for in the Cities and Local Government Act 2016. The MCA mayor will be elected by the electorate of the constituent councils. Should the composition of the constituent councils change in the future, the geographical area of any election would change accordingly.

3. Voting rights

- 3.1. The MCA mayor will chair the MCA, being one of its members and have two votes on all matters to be determined by the MCA in respect of functions of the Authority that are not designated as Mayoral functions.
- 3.2. The following constituent member will have two votes on all matters other than those designated as Mayoral functions:
Barnsley Metropolitan Borough Council
Doncaster Metropolitan Borough Council
Rotherham Metropolitan Borough Council
Sheffield City Council.
- 3.3. The following constituent members will have one vote on all matters other than those designated as Mayoral functions:
Bassetlaw District Council
Chesterfield Borough Council.
- 3.4. The two county councils of Derbyshire and Nottinghamshire will have one vote on all matters other than those designated as Mayoral functions.
- 3.5. Decision making in respect of those functions designated as Mayoral functions will be taken by the Mayor or through delegated arrangements established by the Mayor.

²⁴ Subject to the discretion of the Secretary of State.

- 3.6. For the voting rights of non-constituent authorities see below.
- 3.7. Further matters may be agreed by the MCA in its constitution, which would be updated in light of this Scheme document / any future Order (e.g. an order relating to the 'Skills' part of the Deal).

4. Area of Authority

- 4.1. The MCA area shall be the whole of the local government areas for the following local authorities:
Barnsley Metropolitan Borough Council
Bassetlaw District Council
Chesterfield Borough Council
Doncaster Metropolitan Borough Council
Rotherham Metropolitan Borough Council
Sheffield City Council.
- 4.2. The Constituent Councils will each appoint one elected member to be a member of the MCA.
- 4.3. The Executive of each non-constituent council will appoint one elected member each to the MCA.
- 4.4. Membership of the MCA will be a decision of the Executive of each council.²⁵
- 4.5. To maintain the status of the MCA being a "Leaders' Board" there will be a protocol that each constituent and non-constituent council appoint its Leader or elected mayor (i.e. in the case of Doncaster) to the MCA.
- 4.6. The Executive of each constituent and non-constituent council shall each appoint another of its elected members to act as a member of the MCA in the absence of the elected member appointed under paragraph 4.2 and 4.3 above (a "substitute member").
- 4.7. The Executive of a constituent or non-constituent council may at any time terminate the appointment of a member or substitute member appointed by it to the MCA. Appointment and reappointment of a new member will be an executive decision of each constituent and non-constituent Council.
- 4.8. Where a member or substitute member of the MCA ceases (for whatever reason) to be an elected member of the council that appointed them, the elected member shall cease to be a member of the MCA, and the Executive of the relevant council shall appoint a replacement member as soon as practicable.

²⁵ This assumes the council is operating executive arrangements.

- 4.9. The MCA mayor shall chair the MCA and shall, in each year, appoint a Vice-Chair from members of the MCA. The Mayor shall adopt the title of “City Region Mayor”.
- 4.10. The MCA may co-opt additional, non-voting representatives from, for example, from the SCR Local Enterprise Partnership Board.

5. The functions of the MCA and the division of those functions

- 5.1. In line with the Devolution Agreement, 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.
- 5.2. The MCA will have powers in relation to Strategic Economic Development (including transport). Unless otherwise stated, these powers will be exercised by the MCA on a concurrent basis i.e. no powers have been “ceded” to the MCA from its current constituent members. However, in line with the general principle of devolution, some powers and/or duties will be ceded from the relevant Minister or Government department or where provision is made in legislation for the “transfer” of a County function to the MCA as a result of the extension of the geography of the MCA to include the areas of Bassetlaw and Chesterfield.
- 5.3. Functions of the MCA will divide into two categories:
 - (a) Mayoral functions
 - (b) Combined Authority functions.
- 5.4. Reference to “functions” refers to both:
 - (a) roles and responsibilities, including responsibility for the oversight and allocation of funding responsibilities as part of the overall budget set by the Authority and the Mayor respectively; and
 - (b) those statutory powers to be given to each of them, to supplement the existing powers available to the Authority, to implement the SCR Devolution Deal.
- 5.5. The inclusion of the additional local authority areas of Bassetlaw and Chesterfield will result in additional functions in respect of transportation being transferred from the County Councils. The MCA will be the Local Transport Authority (LTA) (as defined in s.108 Transport Act 2000) for the areas of Bassetlaw and Chesterfield.

6. Mayoral functions.

Responsibility for a consolidated devolved transport budget (including all relevant devolved highway funding) with a multi-year settlement.

6.1. The devolved transport element of the pot will be made up of the following funding streams and paid to the Combined Authority, with a firm funding commitment for the period until 2020/21:

- (1) Integrated Transport Block
- (2) Highways Maintenance Block (not including PFI)
- (3) Highways Maintenance incentive funding.

Responsibility for franchised bus services

6.2. The relevant statutory powers will be afforded following the passing of the Bus Services Bill 2016:

- (a) Mayoral Bus Franchising - the power for a Mayoral Combined Authority to franchise bus services in a CA Area.

Responsibility for an identified Key Route Network of local authority roads

6.3. There will be no transfer of statutory responsibility for 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 Mayor (who would be responsible for the overall coordination of the collaborative arrangements).

6.4. Responsibility for resourcing maintenance and operational management of the network would remain the responsibility of the respective highway authorities.

The power to create a mayoral development corporation

6.5. Mayor to have powers equivalent to London Mayor under Part 8 Chapter 2 of Localism Act 2011 with the following modifications:

- (a) Any powers exercisable by the Mayor to be exercised only with the consent of the Combined Authority member for the area(s) of the Mayoral Development Corporation(s).
- (b) In two tier areas either the respective county council or the district council would be expected to provide consent for the area(s) of the Mayoral Development Corporation.

To be consulted on planning applications of strategic importance to the SCR

6.6. LPAs to be required to consult the Mayor on applications of Potential Strategic Importance (PSI). Requirement to be achieved by adding the Mayor as a statutory consultee to PSI applications under Schedule 4 of the Town and Country Planning (Development Management Procedure) Order 2015.

6.7. PSI applications to be defined in the Order – similar to but more limited than the definition of PSI in the Town and Country Planning (London Mayor) Order 2008 e.g.

large scale housing of at least 300 houses; large commercial schemes in excess of 15,000 sq metres; large scale infrastructure and waste management facilities, departures from the agreed development plans of LPAs, and other schemes which would affect the delivery of the Mayor's Spatial Framework. The Mayor would have the power to amend the definition of PSI thereafter.

- 6.8. The Mayor should be a statutory consultee and interested party under the Planning Act 2008 for any Nationally Significant Infrastructure Projects that may have an effect on the Sheffield City Region.

Spatial development strategy

- 6.9. Power to be granted to SCR Mayor equivalent to the duty of the London Mayor to prepare and publish a "spatial development strategy" under Section 334 of the Greater London Authority Act 1999 to be known as the "Spatial Framework" for the economic area. Sections 334 – 350 GLA 1999 legislation to apply with necessary reference changes and the following specific modifications:
- (a) Procedure for adoption of policy varied to exclude requirements for examination in public. Instead the Mayor to publish and adhere to a "statement of stakeholder engagement" equivalent in content to a Statement of Community Involvement.
 - (b) The duty for development plans to be in general conformity with the mayor's plan to be limited to a duty for constituent member Local Planning Authorities "to have regard to" the Mayors plan when preparing and adopting development plan documents under Section 19 of the Planning and Compulsory Purchase Act 2004 (and any other consequential or incidental amendments to legislation e.g. Section 347 GLAA 1999).
 - (c) Mayor to have regard to local plans under Section 342 in preparing the Mayor's Spatial Framework.
 - (d) Mayor to be statutory consultee (prescribed body) in preparation of local plans under regulation 4 of the Town and Country Planning (Local Planning) (England) Regulations 2012.

Supplementary Planning Guidance

- 6.10. The adoption of Sections 334 – 350 would include an adaptation of Section 348 to allow the Mayor to provide formal supplementary guidance on policies within his plan. LPA to have regard to Mayors plan and any SPG issued under it in preparation of local plans under Section 19 PCPA 2004.

To chair the Sheffield City Region Joint Assets Board

- 6.11. A programme aimed to make more efficient use of public sector assets.

Other mayoral powers and functions

6.12. Under Section 5 of the Cities and Local Government Devolution Act, a mayoral combined authority becomes a major precepting authority for the purpose of the Local Government Finance Act 1992 (the “LGFA 1992”) and may issue a precept under section 40, but only in relation to expenditure incurred by the mayor in connection with the exercise of “mayoral functions” which are defined as:- “(a) the mayor’s general functions, and (b) if the mayor exercises PCC functions, the mayor’s PCC functions”.²⁶

6.13. The mayor will also have the power to prepare a budget in relation to their general functions.

The Mayor may undertake these functions individually or through delegated arrangements

6.14. The Mayor is to be granted the power contained in Section 107D(3)(c)(ii) of the Local Democracy Economic Development and Construction Act to delegate Mayoral functions to a Committee consisting of persons appointed by the Mayor (to be known as the Mayor’s Cabinet). This may include persons who are not members of the authority such as for example the chair of the local enterprise partnership.

6.15. This power would also allow the Mayor to delegate to a committee comprising elected members from the constituent or non-constituent authorities similar to the existing Transport Committee.

6.16. The Mayor may also delegate functions to the Deputy Mayor or to another member of the Authority or to an officer. It is anticipated that delegated decisions taken by one or more individual member of the Authority shall be taken through the existing structure of Executive Boards established by the Authority (including a Transport Committee) whose Terms of Reference shall be extended to include Mayoral functions delegated by the Mayor.

6.17. The SCR Mayor will also be required to consult the SCR CA Cabinet on his/her spending plans or strategies, which it may reject if two-thirds of the members agree to do so.

6.18. Any Committee to which is delegated functions under section 107D (3)(c) (ii) above shall make provision for the voting arrangements to be such that any decision of the Committee in which the Mayor does not comprise part of the majority will require the support of 2/3 or more of the Constituent members comprising members of the Committee.

²⁶ Not proposed in this Scheme.

7. Combined Authority functions

- 7.1. Unless otherwise stated, existing functions of the Authority will remain Combined Authority functions.
- 7.2. Additional Combined Authority functions to deliver the SCR Devolution Deal include:
Control of a new additional £30 million a year Investment Fund - allocation over 30 years, to be invested to boost growth (referred to as 'gainshare' and subject to an 'uplift' should new constituent members join the CA).
- 7.3. This allocation is available to be defrayed in respect of both Mayoral and non-Mayoral functions as determined in the overall budget set by the Authority and the Mayor respectively.
- 7.4. Whilst the formal budget of the Mayoral Combined Authority will need to be comprised of two discrete elements in relation to expenditure on Mayoral functions and non-mayoral functions the overall approval of the allocation of the resources within the Investment Fund ("gainshare") will be a function of the Combined Authority to inform the formal budget setting process.
- 7.5. The Investment Fund is part of a wider Single Pot allocation agreed as part of the Sheffield City Region Devolution Deal.

Skills

"Readiness conditions"

- 7.6. The devolved powers and functions set out in the Devolution agreement are subject to 6 "readiness conditions" namely:
 - 1) 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.
 - 2) Completion of the Area Review process leading to a sustainable provider base.
 - 3) After the area reviews are complete, 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.
 - 4) 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.
 - 5) Learner protection and minimum standards arrangements agreed.

- 6) Funding and provider management arrangements, including securing financial assurance, are agreed in a way that minimises costs, maximises consistency and transparency.
- 7.7. The Department for Business Innovation and Skills (BIS) 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:
- (a) Apprenticeship, Skills, Children and Learning Act 2009 (ASCAL 2009) as amended by the Deregulation Act 2015.
 - (b) Employment and Training Act 1973.
- 7.8. Details of the specific provisions will be provided by the Secretary of State in due course (and will be subject to future Order).

Local Authority powers to be exercised concurrently by the MCA (i.e. these would be CA/non-mayoral powers).

Education and Skills Act 2008

- (a) Sections 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).

Education Act 1996

- (a) Section 13A (duty to promote high standards in primary and secondary education).
- (b) Sections 15A and 15B (functions in respect of full-time education for 16 to 18 year olds / education for persons over 19).

Further and Higher Education Act 1992

- (a) Section 51A (provision of education services for named individuals).

Work Programme

- 7.9. The CA will have 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.

Working with UKTI

- 7.10. The CA will facilitate 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.

Transport powers

- 7.11. The MCA shall have the following transport powers:
- (a) Bus Services Bill 2016 - Enhanced Voluntary Partnerships (Power for a CA to promote an enhanced version of the voluntary Partnership model).
- 7.12. In respect of the extended area of the SCR CA the MCA will have all the Local Transport Authority functions that it already exercises over the existing area. These powers would only be exercisable (subject to any transitional arrangements) by the MCA and include:
- (a) Sections 108-112 Transport Act 2000 - Production of the Local Transport Plan by the LTA/ITA [MCA].
 - (b) Section 114 Transport Act 2000 - Making of a Quality Partnership Scheme. A statutory scheme requiring operators to operate buses to set standards in order to be able to utilise certain facilities [Traffic regulation order is needed, see 114(7)].
 - (c) Section 124 Transport Act 2000 - Making of a Quality Contract Scheme to rebrand bus services in an area or part of an area.
 - (d) Section 135 Transport Act 2000 - Making of a Ticketing Scheme for multi-operator/multi-modal ticketing in the whole or part of an area.
 - (e) Section 139 Transport Act 2000 - Information Scheme about bus services. Power to make information available in a manner deemed appropriate by the CA, and recover costs of making info available in absence of operators doing so.
 - (f) Section 163 Transport Act 2000 - Road User Charging Scheme.
 - (g) Section 46 Local Transport Act 2008 - Entering into a Voluntary Partnership Scheme (that is subject to the schedule 10 of the 2000 Act Competition Test).
 - (h) Section 9A Transport Act 1985 / Sections 88-91 Transport Act 1985 - Securing tendered/subsidised bus services i.e. bus services determined by the CA to be required that are not provided commercially.
 - (i) Section 93 Transport Act 1985 - Travel concession scheme (non-mandatory).
 - (j) Section 106 Transport Act 1985 - Power to provide grants for services e.g. Community Transport and facilities in the Authorities area.

- (k) Section 99 Local Transport Act 2008 - Power to promote the wellbeing of its area.
- (l) Section 11/12 Localism Act 2011 - General Power of competence Section 145 Transport Act 2000 - Statutory elderly/disabled free concessions (Passenger Transport Executive function for the MCA area).

Housing

- 7.13. The MCA to exercise the objectives and functions of the Homes and Communities Agency (“HCA”) 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 the HCA with respect to the area of the MCA. These functions will be MCA functions non-Mayoral functions.
- 7.14. The functions are:
 - a) to improve the supply and quality of housing;
 - b) to secure the regeneration or development of land or infrastructure;
 - c) to support in other ways the creation, regeneration and development of communities or their continued well-being; and
 - d) to contribute to the achievement of sustainable development and good design.
- 7.15. In order to achieve the objectives above, the MCA should have the benefit of exemption from Section 23 of the Land Compensation Act 1961 enjoyed by the HCA under section 23(3)(d) of that Act.

Nature of decision making – CA functions

- 7.16. All decisions taken by the Combined Authority will be determined on a simple majority of members present and entitled to vote in respect of the relevant item of business and voting.
- 7.17. Members from the non-constituent councils must, in accordance with section 85(4) of the Local Transport Act 2008, be non-voting members of the Authority. The constituent councils and the City Region Mayor may, in accordance with section 85(5) Local Transport Act 2008, resolve to extend the voting rights on defined matters to the non-constituent council members.
- 7.18. The existing protocol (that non-constituent members are given full voting right on all appropriate issues) will continue. Non-constituent members will only be excluded from voting on issues where it is either not relevant or not appropriate for the non-constituent member to exercise voting rights (e.g. the Combined Authority transport levy).

8. Combined Authority functions requiring unanimity – known as “Key Decisions”

- 8.1. Key decisions include:
- a) The creation of a spatial planning framework.
 - b) The determination of a wider Single Pot allocation agreed as part of the Sheffield City Region Devolution Deal the defraying of which to be agreed unanimously by the Combined Authority to inform the formal budget setting process following an initial recommendation from the Mayor to the Combined Authority.
- 8.2. The creation of a strategic spatial planning framework would require the approval of all constituent members of the CA (i.e. including the two county councils) and the Mayor (this would mean that the Mayor would of course be in the majority for such decisions).²⁷
- 8.3. Determination of the Single Pot budget would require the agreement of the following constituent members: Barnsley Metropolitan Borough Council; Bassetlaw District Council; Chesterfield Borough Council; Doncaster Metropolitan Borough Council; Rotherham Metropolitan Borough Council and Sheffield City Council. Note: this amounts to agreement of the overall budget allocations(s) and not individual spending decisions.

9. Executive Arrangements

- 9.1. Executive arrangements (within the meaning of the Local Government Act 2000) shall not apply to the MCA. However, the discharge of the functions of the MCA will be subject to the scrutiny arrangements set out in Section 10.

10. South Yorkshire Passenger Transport Executive (SYLTE)

- 10.1. The South Yorkshire Passenger Transport Executive will be the operational transport body of the MCA (as it is for the CA) and its remit would extend beyond South Yorkshire to include the areas of Bassetlaw and Chesterfield. SYLTE shall have all the functions necessary for it to discharge such functions on behalf of the MCA across that wider area.

11. Audit Committee / Scrutiny

- 11.1. Paragraph 3(1) of Schedule 5A to the 2009 Act provides that the Secretary of State may make provision for overview and scrutiny committees of a combined authority. Paragraph 4(3) of Schedule 5A to the 2009 Act provides that the Secretary of State

²⁷ This point will be dealt with through the constitution and not any future Order.

may make provision for the membership of a combined authority's audit committee and the appointment of the members.

- 11.2. The nine local authorities of the Sheffield City Region have established a joint overview and scrutiny committee to exercise scrutiny functions over the combined authority (including, where appropriate, the SCR Authority's sub-boards).²⁸ The nine authorities have also established an audit committee.²⁹
- 11.3. The MCA will act in accordance with the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2016 including:
 - a) Part 1, which makes general provision for overview and scrutiny provisions of a combined authority. Article 3 makes provision for the membership of the overview and scrutiny committee.
 - b) Article 4 which makes provision for dealing with references of matters to overview and scrutiny committees by members of the combined authority, including those who are not members of that overview and scrutiny committee and members of constituent and non-constituent councils, including those who are not members of the combined authority.
 - c) Article 5 which imposes a duty on a combined authority to respond to reports and recommendations of overview and scrutiny committees and Article 6 which prevents the publication or supply of any information which contains confidential or exempt information by overview and scrutiny committees or the combined authority.
 - d) Part 4 which concerns the audit committees to be appointed by combined authorities. Article 12 provides for the membership requirements of an audit committee.

12. Funding

- 12.1. 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 representative authorities on a per capita basis (or as otherwise agreed).
- 12.2. Other costs of the Authority 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

²⁸ <http://meetings.southyorks.gov.uk/ieListMeetings.aspx?CId=383&Year=0&zTS=B>.

²⁹ <http://meetings.southyorks.gov.uk/ieListMeetings.aspx?CId=381&Year=0&zTS=B>.

councils. Such costs shall be apportioned between the Councils in such proportions as they shall agree.

- 12.3. Costs in respect of Mayoral functions that are not met from devolved funds shall be raised by way of a Mayoral precept.
- 12.4. It has been agreed that, without a further an explicit policy decision, the implementation of this Scheme will not lead to an impact on Council Tax bills for residents within the area of the MCA.
- 12.5. Devolved funding provided by way of grant shall be allocated through the amalgamation of such funding into a combined Single Pot to be defrayed as unanimously agreed by the 6 constituent members detailed at Paragraph 8.3 on receipt of an initial recommendation from the Mayor.³⁰
- 12.6. Borrowing to support any expenditure in respect of Mayoral or non-Mayoral functions shall include in addition to the existing power of the Authority to borrow for transport purposes the power to borrow for any purpose relevant to the functions of the Authority both Mayoral and Non Mayoral. The Secretary of State is being asked to make appropriate regulations under section 23(5) of the Local Government Act 2003 to extend such borrowing powers.
- 12.7. The MCA will agree an annual budget for the purpose of all of the above expenditure prior to the statutory procedure for the establishing of a Mayoral fund and the issuing of a Mayoral precept.

13. SCR Local Enterprise Partnership

- 13.1. The Sheffield City Region has a strong LEP Board that brings together elected leaders with representatives from the private sector. Such a board is seen as critical for the promotion and facilitation of economic growth in the City Region.
- 13.2. This board (or its successors as required by Government) will work alongside the MCA, as well as discharging the practical decision making role in respect of certain functions as required by Government and/or the MCA.
- 13.3. It is intended that the SCR Local Enterprise Partnership would be a lead advisory body to the MCA on matters of economic development – including providing leadership of particular SCR projects and workstreams. This will further “hardwire” a role for the private sector into the leadership of the Sheffield City Region – something that makes the SCR distinctive and unique.
- 13.4. The mayor will be a member of the SCR LEP Board.

³⁰ Note: this amounts to agreement of the overall budget allocation(s) and not individual spending decisions.

14. Other Arrangements

- 14.1. The SCR Authority may establish sub-structures and sub-committees and delegate powers and functions as is appropriate.
- 14.2. The SCR model of delegated decisions through “executive boards” will continue.