



Report to Overview & Scrutiny Management Committee (OSMC)

Thursday 28th July 2016

Report of: Director of Policy, Performance & Communications

Subject: Devolution to Sheffield City Region: Update on Progress

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This paper provides Overview and Scrutiny Management Committee with a brief update on the progress of Sheffield City Region's (SCR) devolution agreement.

The Scrutiny Committee is being asked to:

- Note the contents of the report
 - Agree to receive a further update around February 2017
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Devolution to Sheffield City Region

update on progress

Purpose

This paper provides Overview and Scrutiny Management Committee a brief update on the progress of Sheffield City Region's (SCR) devolution agreement.

Background

1. In October 2015, SCR announced that it had reached agreement with Government over a package of powers and resources worth around £1.3bn to be devolved to SCR. This built upon the previous City Deal and the Growth Deals and included:
 - **Investment fund** – an investment fund worth £30m a year for 30 years enabling SCR to invest in key economic and infrastructure projects. All SCR investment will be in a 'Single Pot' which will give the City Region full flexibility about how to invest resources
 - **Skills** – full devolution of the adult skills system
 - **Transport** – a multi-year transport budget and the power to franchise the bus network (as now set out in the Bus Services Bill)
 - **Employment support** – piloting a localised model of support to those furthest from the labour market and co-commissioning the new Work and Health Programme
 - **Elected Mayor** – creation of an elected mayor for SCR which will be elected in May 2017
2. When the Agreement was announced, SCR made it clear that it was 'proposed' and that the public and businesses would be consulted before the Agreement was finalised. As part of this, there was a full public consultation across the whole City Region and a series of events with key stakeholders in SCR to consider the impact of the Agreement. As part of this, Overview and Scrutiny Management Committee held a thorough scrutiny meeting in December 2015 dedicated to the Devolution Agreement, hearing representations from Sheffield City Council's leadership, the Chair of the SCR Combined Authority, a private sector member of the SCR Local Enterprise Partnership (SCRLEP) and an independent view from the Centre for Cities.
3. Further, the Leader of Sheffield City Council sought changes to some of the proposals in the Devolution Agreement, specifically in relation to:
 - **Mayoral veto** – that the elected mayor's vote would have to be in the majority in any vote at the SCR Combined Authority
 - **SCR geography** – that the limitations of the Local Democracy, Economic Development and Construction Act 2009 ensured that SCR was restricted from establishing a Mayoral Combined Authority on an electoral geography which actually reflected SCR's functioning economic area.
4. Through working with Government and local MPs, Sheffield and SCR secured changes to the challenges listed above which included amendments to the Cities and Local Government Devolution Act 2016 which enabled district councils to choose to become constituent members of a combined authority which best reflected the actual function of their economy. This enabled the Elected Members of Chesterfield Borough Council and Bassetlaw District Council to take the decision to apply to be constituent members of SCR.

5. A Special Full Council meeting was held in Sheffield on 18th March 2016 on the then proposed Devolution Agreement and the supportive report for the meeting provides full details of the issues set out above, including the recommendations from the Overview and Scrutiny Management Committee.¹
6. Sheffield City Council resolved to ratify the Devolution Agreement.

What progress has been made?

7. In addition to ongoing and detailed planning locally and with Government on the implementation of the Devolution Agreement, significant work has been focused on securing the legislative progress to enact elements of the deal.
8. The legislative base to the Devolution Agreement requires two statutory instruments (Orders):
 - **Mayoral Order** – Parliament must approve an Order to enable the election of a Mayor for Sheffield City Region. The draft Mayoral Order was introduced into Parliament on 18th July and approved by the House of Lords. It will be debated in the House of Commons shortly.²
 - **Substantive Order** – Parliament must approve an Order which provides the more detailed powers contained in SCR’s Devolution Agreement.
9. To support the above, SCR were required to produce two documents which set out the case for why the proposed governance changes to create new Mayoral Combined Authority in SCR will ‘improve the delivery of statutory functions in the area’ the and how this will operate.
 - **Governance Review** – this sets out the case for the new governance arrangements in Sheffield City Region
 - **Scheme** – this sets out how the new Mayoral Combined Authority will operate (voting arrangements, geography etc) and will inform the Government’s Substantive Order
10. Both of the above documents have been developed and published for public consultation on the 1st July 2016 and are available here: <http://sheffieldcityregiondevolution.org.uk/wp-content/uploads/2016/07/Governance20Review20and20Scheme20-20Final20302006.pdf>. The consultation will run until 12th August 2016.
11. A wide range of consultation activity on the proposals in the Governance Review and Scheme is taking place across SCR, including an online survey and consultation events with members of the public and key partners (eg. business). The consultation will inform the finalised proposals and enable the Secretary of State for Communities and Local Government to reach a decision on whether to approve the proposals.
12. All the information about the consultation and access to the SCR-wide survey can be found here: <http://sheffieldcityregiondevolution.org.uk/>.
13. At the end of the consultation, the results and the finalised governance proposals will be presented to the Secretary of State for Communities and Local Government for a final decision. If the Secretary of State is minded to proceed, the substantive Order will be introduced into Parliament and will complete the process by the end of 2016. The first Mayoral Elections will take place in May 2017.
14. We will provide a further update on progress to Overview and Scrutiny Management Committee on the 23rd February 2017, once the outcome of the Parliamentary process is known.

¹ Sheffield City Council (2016) *Sheffield City Region Devolution Agreement: ratification of the proposal, 18 March 2016*, <http://sheffielddemocracy.moderngov.co.uk/documents/s21828/SCR%20Devolution%20Agreement%20-%20Sheffield%20City%20Council.pdf>

² UK Parliament (2016) *Barnsley, Doncaster, Rotherham and Sheffield Combined Authority (Election of Mayor) Order 2016*, http://www.legislation.gov.uk/ukdsi/2016/9780111147689/pdfs/ukdsi_9780111147689_en.pdf

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