

## REPORT OF THE CHIEF EXECUTIVE

## MEETING OF THE CITY COUNCIL 3rd APRIL, 2013

At its meeting on 20th March 2013, the Cabinet received a report of the Chief Executive, which contained proposals for the establishment of a Sheffield City Region Authority which would 'combine' or bring together the Integrated Transport Authority (ITA) powers and strategic economic development powers in order to align political decision making around strategic Economic Development and Transport.

The Cabinet minute, including the recommendation required to be approved by the Council, is set out below:-

### SHEFFIELD CITY REGION AUTHORITY

- 8.1 The Chief Executive submitted a report referring to proposals to establish a Sheffield City Region Combined Authority (the SCR Authority) which would combine or bring together the Integrated Transport Authority (ITA) powers and strategic economic development powers in order to align political decision making around strategic Economic Development and Transport.
- 8.2 **RESOLVED:** That Cabinet recommends to the City Council at its meeting on 3<sup>rd</sup> April, 2013 that it :-
- (a) endorses the findings of the Governance Review document referred to in Appendix 1, specifically that, establishing a SCR Authority would improve the exercise of statutory functions in relation to economic development, regeneration and transport in the SCR leading to an enhancement of the economic conditions and performance of the SCR;
  - (b) endorses the submission to Government of a Scheme for the establishment of a Sheffield City Region Combined Authority on the basis of the draft annexed at Appendix 2 (the Scheme);
  - (c) agrees that the City Council will formally become a constituent member of the SCR Authority, sharing appropriate economic development and transport powers with the SCR Authority, in accordance with the provisions of the Local Democracy, Economic Development and Construction Act 2009 (LDEDCA) and the Local Transport Act 2008(LTA); and
  - (d) authorises the Director of Legal and Governance to agree the terms of and enter into any documentation required to enable the City Council to become a constituent member of the SCR Authority.

(NOTE: A copy of the Chief Executive's report has been circulated to all Members of the City Council with the Council Summons.)

John Mothersole  
Chief Executive



## SHEFFIELD CITY COUNCIL Full Council

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**Report of:** Chief Executive

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**Date:** 20<sup>th</sup> March 2013 (Cabinet)  
3<sup>rd</sup> April 2013 (Full Council)

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**Subject:** Sheffield City Region Authority

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### Summary:

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. Most recently, this collaboration has taken the form of the SCR Leaders Group and Sheffield City Region Local Enterprise Partnership (SCR LEP).

The tangible benefits of this collaboration can now be seen in, for example, the SCR securing an advanced manufacturing and technology focussed Enterprise Zone (only one of seven with business rate relief and enhanced capital allowances); successfully negotiating a groundbreaking City Region Deal; making prudent investment decisions in relation to the Growing Places Fund; and securing £25 million from Round Three of the Regional Growth Fund (RGF).

Following a comprehensive “Governance Review”, SCR Leaders have concluded that this is the appropriate moment to deliver a step change in the governance of the city region.

In practical terms, this means establishing a SCR Combined Authority (referred to as the SCR Authority) which will ‘combine’ or bring together the Integrated Transport Authority (ITA) powers and strategic economic development powers in order to align political decision making around strategic Economic Development and Transport. This is not a merger or takeover of Local Authorities but the creation of a statutory city region body specifically for making better, joint decisions about the economy and transport in the area.

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### **Reasons for Recommendations:**

Following the robust Governance Review commissioned by the Leaders of Sheffield City Region, it is recommended that Sheffield should agree to formally become a constituent member of a combined authority for Sheffield City Region ('SCR Authority') because of the significant opportunities presents to the city and the city region. These include:

- Establishing an economic area that is ready for growth, with Sheffield and the wider city region in the strongest possible position to compete economically both nationally and internationally;
- Emphasising Sheffield role as the engine of growth in a economically powerful city region;
- Creating a shared decision-making structure for the functioning economic geography of the city region where binding decisions can be made once by elected Leaders for the whole of the area;
- Uniting strategic economic and strategic transport decision-making, ensuring that such decisions provide maximum economic benefit for communities across Sheffield City Region (business growth and jobs);
- Delivering a dynamic SCR Authority which will lead the way
- Gaining and using influence by establishing a robust and accountable leadership structure, recognised by Government, which puts SCR at the front of the queue for access to future devolved powers and resources from Whitehall;
- Providing a statutory structure to deliver the existing City Deal and access future economic funding allocations, building on the recent allocation of the £25m RGF to SCR so that we don't miss out
- Maximise opportunities for groundbreaking inter-city region collaboration across the north of England with Manchester and Leeds City Regions (eg. over the devolution of the Northern Rail franchise);

### **Recommendations:**

That Sheffield City Council:

- Endorses the findings of the Governance Review document (**Appendix 1**) (specifically that establishing a SCR Authority would improve the exercise of statutory functions in relation to economic development, regeneration and transport in the SCR leading to an enhancement of the economic conditions and performance of the SCR).
- Endorses the submission to Government of a Scheme for the establishment of a Sheffield City Region Combined Authority on the basis of the draft annexed at (**Appendix 2**) (the Scheme)
- Agrees that Sheffield City Council will formerly become a constituent member of the SCR Authority, sharing appropriate economic development and transport powers with the SCR Authority, in accordance with the provisions of the Local Democracy, Economic Development and Construction Act 2009 (LDEDCA) and the Local Transport Act 2008.(LTA)

- Authorises the Director of Legal and Governance to agree the terms of and enter into any documentation required to enable Sheffield City Council to become a constituent member of the SCR Authority.
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### **Background Papers:**

DCLG (2010) *Economic prosperity boards and combined authorities: draft statutory guidance*  
<http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/documents/regeneration/pdf/1457197.pdf>

HMG (2011) *Unlocking growth in cities*,  
[http://www.dpm.cabinetoffice.gov.uk/sites/default/files\\_dpm/resources/CO\\_Unlocking%20GrowthCities\\_acc.pdf](http://www.dpm.cabinetoffice.gov.uk/sites/default/files_dpm/resources/CO_Unlocking%20GrowthCities_acc.pdf)

Local Democracy, Economic Development and Construction Act 2009 (especially Part 6)  
<http://www.legislation.gov.uk/ukpga/2009/20/contents>

Local Transport Act 2008 <http://www.legislation.gov.uk/ukpga/2008/26/contents>

Sheffield City Region (2012) *MADE in Sheffield: a deal for growth (SCR's city deal)*,  
[http://www.dpm.cabinetoffice.gov.uk/sites/default/files\\_dpm/resources/Sheffield-City-Deal-Final.pdf](http://www.dpm.cabinetoffice.gov.uk/sites/default/files_dpm/resources/Sheffield-City-Deal-Final.pdf)

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**Category of Report:**      OPEN

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## Statutory and Council Policy Checklist

<b>Financial Implications</b>
YES Cleared by: Eugene Walker, Director of Finance
<b>Legal Implications</b>
YES Cleared by: Gill Duckworth, Assistant Director of Legal Services (Place)
<b>Equality of Opportunity Implications</b>
NO Cleared by: Michael Bowles, Head of Governance and Involvement
<b>Tackling Health Inequalities Implications</b>
NO
<b>Human rights Implications</b>
NO:
<b>Environmental and Sustainability implications</b>
NO
<b>Economic impact</b>
YES
<b>Community safety implications</b>
NO
<b>Human resources implications</b>
NO
<b>Property implications</b>
NO
<b>Area(s) affected</b>
City of Sheffield
<b>Relevant Cabinet Portfolio Leader</b>
Cllr. Julie Dore
<b>Relevant Scrutiny and Policy Development Committee if decision called in</b>
Economic and Environmental Wellbeing
<b>Is the item a matter which is reserved for approval by the City Council?</b>
YES
<b>Press release</b>
YES

## Sheffield City Region Authority

### 1. SUMMARY

- 1.1 The nine local authorities that make up the SCR have a long history of collaboration at a scale that reflects the natural economic geography of the region.
- 1.2 Following a comprehensive “Governance Review”, SCR Leaders have concluded that this is the appropriate moment to deliver a step change in the governance of the city region.
- 1.3 This report proposes that Sheffield City Council agrees to become a formal, constituent member of the SCR Authority under the provisions of the LDEDCA
- 1.4 A combined authority bring together (‘combines’) the Integrated Transport Authority (ITA) powers and strategic economic development powers in order to align political decision making around strategic Economic Development and Transport. South Yorkshire Integrated Transport Authority (SYITA) would be dissolved and its powers will pass to the SCR Authority.
- 1.5 The proposed SCR Authority will have nine members:
  - Sheffield City Council, Barnsley Metropolitan Borough Council, Doncaster Metropolitan Borough Council, Rotherham Metropolitan Borough Council (South Yorkshire unitary councils)
  - Bassetlaw District Council, Bolsover District Council, Chesterfield Borough Council and North East Derbyshire District Council.
  - Derbyshire Dales District Council will be a non-voting member of the SCR Authority
- 1.6 The SCR Authority will only be engaged in *strategic* economic development and transport decision making. This means functions at SCR-level relating to economic policy and strategy, skills, inward investment, investment decisions (Investment Fund) and decisions for other shared economic assets (Enterprise Zone).
- 1.7 The SCR Authority will only comprise elected members although private sector members may act in an advisory capacity to the board, and support with specific workstreams. To maintain the status of the SCR Authority being a “Leaders’ Board” – there will be a protocol that each member council appoint its Leader or elected Mayor to the SCR Authority.
- 1.8 No powers will be ceded to the SCR Authority; powers shall be *shared* (concurrently) with the SCR Authority but the development of the SCR Authority gives SCR an opportunity to access more devolved powers and resources from Whitehall.

### 2. WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE?

- 2.1 For Sheffielders, the proposal for Sheffield City Council to be a formal constituent member of the SCR Authority will not have an immediate noticeable impact on how the City is governed or how services are delivered. Sheffield City Council will not lose any power to SCR Authority and therefore the services which the Council

commissions and delivers in Sheffield will be unchanged and Sheffield City Council will be the democratically elected, accountable institution for the city.

- 2.2 It means that Sheffield's democratically elected leadership will be responsible for making joint decisions alongside the leaders of the other eight local authorities in SCR for the best interests of the city region's economy.
- 2.3 Being part of the SCR Authority will ensure that Sheffield and the city region can compete nationally and globally. SCR Authority will bring a host of new opportunities for Sheffield and the city region, putting the area in control of powers, resources and decisions which are currently made in London by Central Government.
- 2.4 Through the city deal, we have already seen Government give additional power and funding over skills, transport and financial investment to SCR. Government has awarded SCR £25m from the RGF, recognising the strength and potential of the city region's economy.
- 2.5 The SCR Authority will take charge of decision making for transport in the area, enabling the combined authority to make better decisions about transport and the economy together.
- 2.6 Most importantly, the SCR Authority will put Sheffield in the best position to be successful, with democratically elected leaders working together to create jobs and create opportunities for businesses to grow across the SCR.

### **3. OUTCOME AND SUSTAINABILITY**

- 3.1 The proposed governance model for the city region will provide a robust decision making model to improve the economic wellbeing of Sheffield as part of a stronger city region economy.
- 3.2 The proposed model is based on the city region's functioning economic area, enabling decisions to be taken jointly by democratically elected leaders in each of the nine local authorities to make SCR a leading, competitive part of the UK and international economy.
- 3.3 The proposed combined authority structure for decision making on city region issues provides a stable model for the long-term, putting SCR at the forefront of national and local government thinking and ensuring Sheffield, as a key part of SCR, is in the best position to access new powers and resources devolved from central Government.

### **4. BACKGROUND**

- 4.1 The councils of the SCR have a long history of collaboration on a geographical scale which makes sense for the functioning economy of the area. SCR was recognised as part of the Northern Way<sup>1</sup> in 2004 and was formalised through the 'Sheffield City Region Development Forum' in 2006 which demonstrated the

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<sup>1</sup> *Moving Forward: The Northern Way Growth Strategy*

commitment of the political leadership in the area to work closer together.

- 4.2 In 2011, the Government approved the creation of (SCR LEP) through which local authorities and private sector leaders from the city region provide the vision, knowledge and strategic leadership across functional economic area to drive sustainable private sector growth and job creation.
- 4.3 Since the establishment of the SCR LEP, the city region has already delivered a number of key achievements which are crucial for the success of SCR's economy:
- Enterprise Zone for advanced manufacturing and technology for new inward investment to grow the City Region economy business attracted by a range of incentives including business rate relief and enhanced capital allowances.
  - RGF Round 3 investing £25m investment will unlock over £100 million of direct business investment, leading to sustainable, private sector growth in the City Region.
  - Growing Places Fund (GPF) £18.5m has been allocated to SCR authorities for immediate short-term investment aimed at supporting transport and housing projects that deliver economic growth and create employment in the City Region, locally Markham Vale has been supported (£1.5m SCR, £2.5m D2N2).
  - Start up Loans for Young People pilot to provide small loans to 18 - 24 years old in the process of establishing a business, or have a business in its initial phase. The City Region has secured £500k for up to 200 loans an average of £2,500; however the final amount will be determined by the business plan.
- 4.4 In September 2012, SCR agreed a 'city deal' with Government which secured devolved powers and resources for the city region.<sup>2</sup> Along with the seven other Core Cities, Government agreed deals which decentralised greater control to the biggest cities in England (outside London), recognising the unique role those cities play in national economy and the greater impact those cities could make with more localised control over resources and decisions.
- SCR will also receive new financial powers as part of the Deal to strengthen the City Region's economic self-reliance, through a SCR Investment Fund (SCRIF). These packages will provide flexible financial tools to invest in growth, develop infrastructure, create jobs and stimulate inward investment. The Sheffield City Region Deal is predicated on the SCR formalising its governance.
- 4.5 Core Cities have long argued for cities to have greater decentralised power and resource in order to drive their local economies, arguments which are recognised by the city deals but more recently by Lord Heseltine<sup>3</sup> in his review of economic growth in the UK and work by Professor Michael Parkinson into the economic success of 'second tier' cities in Europe<sup>4</sup>.

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<sup>2</sup> Sheffield City Region (2012) *MADE in Sheffield: a deal for growth* (SCR's city deal),

[http://www.dpm.cabinetoffice.gov.uk/sites/default/files\\_dpm/resources/Sheffield-City-Deal-Final.pdf](http://www.dpm.cabinetoffice.gov.uk/sites/default/files_dpm/resources/Sheffield-City-Deal-Final.pdf)

<sup>3</sup> BIS (2012) *No Stone Unturned in Pursuit of Growth* ('The Heseltine Review')

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/34648/12-1213-no-stone-untuned-in-pursuit-of-growth.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/34648/12-1213-no-stone-untuned-in-pursuit-of-growth.pdf)

<sup>4</sup> Parkinson, M. et al (2012) *European Second Tier Cities in Austerity: Why Invest Beyond the Capital?*,

[http://www.ljmu.ac.uk/EIUA/EIUA\\_Docs/Second\\_Tier\\_Cities.pdf](http://www.ljmu.ac.uk/EIUA/EIUA_Docs/Second_Tier_Cities.pdf)



- 4.6 Sheffield City Region's deal includes:
- Devolution of £27.8m of national skills funding to deliver a demand-led skills system creating 4,000 new apprentices and 2,000 upskilled staff by 2016
  - Creation of a Sheffield City Region Investment Fund (SCRIF) which gives SCR the ability to invest in the key infrastructure projects which produce economic growth and create jobs
  - Devolved transport funding with long-term funding certainty for 10 years enabling the City Region to invest in the major transport schemes needed to connect people to jobs. This also included the development of UK's first 'Better Bus Area' for Sheffield and devolved bus funding (Bus Service Operator Grant) to support the new Bus Partnership Agreement.
- 4.7 Alongside the benefits delivered by the City Deal and collaboration at SCR level, the SCR governance structure is subject to increased local and national scrutiny. Recent developments have ensured that SCR is beginning to outgrow its existing governance structures and arrangements, which have been based on informal, voluntary partnerships without independent legal status.
- 4.8 To put SCR in the strongest possible position to deliver the existing city deal and obtain further devolved powers and resources from Whitehall, the SCR Leaders' Group agreed to undertake a statutory 'Governance Review' in accordance with the provisions of s.108 of the LDEDCA and the LTA<sup>5</sup>.

## **5. SHEFFIELD CITY REGION: GOVERNANCE REVIEW**

- 5.1 The remit of the Governance Review, as commissioned by the SCR Leaders, was to:
- evaluate the effectiveness and efficiency of existing governance arrangements for economic development, regeneration and transport across the SCR;
  - consider the options available for making changes to these governance structures and arrangements – such as leaving existing governance unchanged; strengthening or restructuring existing governance arrangements; establishing an 'Economic Prosperity Board' (EPB) (for strategic economic decisions alone); and establishing a Combined Authority;
  - recommend which option is likely to be most beneficial to the SCR
- 5.2 More specifically, the Governance Review considers whether the present governance arrangements in the city region are sufficient to meet the medium to long term ambitions (and the expected associated opportunities) of SCR
- 5.3 The Governance Review was been undertaken with SCR local authorities' legal expertise, support from Central Government (specifically the Department for Communities and Local Government) and reported directly to the SCR Leaders' Group. Leaders have had complete oversight of the process, with regular workshops and unanimous agreement of next steps at each stage of the process

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<sup>5</sup> Approved by Sheffield City Region Leaders' Group on 9<sup>th</sup> May 2012.

between July and December 2012.

- 5.4 The full Governance Review document is included in **Appendix 1** but to summarise, the Review concluded that establishing a SCR Authority would improve the exercise of statutory functions in relation to economic development, regeneration and transport in the SCR, leading to an enhancement of the economic conditions and performance of the SCR. This conclusion is based on the key findings that:
- SCR is an ambitious City Region with **untapped economic potential** and robust plans for growth;
  - there is **the potential to strengthen SCR governance** both in term of the efficacy of decision making and in terms of transparency and accountability;
  - having considered the various options available (including the “do nothing” option) - establishing the SCR Authority is the option **most likely to deliver sustained economic and social benefits** to the SCR.
- 5.5 The SCR Leaders’ Group approved the findings of the Governance Review on 23<sup>rd</sup> January 2013 and the Review has undergone a period of local public consultation (closed 15<sup>th</sup> February 2013).
- 5.6 To deliver the proposed outcome of a combined authority for SCR, it is required that a ‘Scheme’ is developed as part of the Review which details the proposed area, membership, voting rights, executive arrangements, functions and funding of a combined authority. The ‘Scheme’ is the element which is used by the Secretary of State to create a Parliamentary Order and establish the legal basis for a combined authority. The ‘Scheme’ is included in **Appendix 2**.

## 6. A COMBINED AUTHORITY FOR SHEFFIELD CITY REGION

### What is a combined authority?

- 6.1 A combined authority brings together (‘combines’) the powers of two statutory bodies – the Integrated Transport Authority (ITA) and the Economic Prosperity Board (EPB) – thus uniting decision making for a single geography over *strategic* economic development and *strategic* transport.
- 6.2 Combined authorities were created by legislation passed by the previous Government in Part 6 of the Local Democracy, Economic Development and Construction Act (LDEDCA) 2009.<sup>6</sup> Until now, only one such body has been in existence – the Greater Manchester Combined Authority (GMCA).

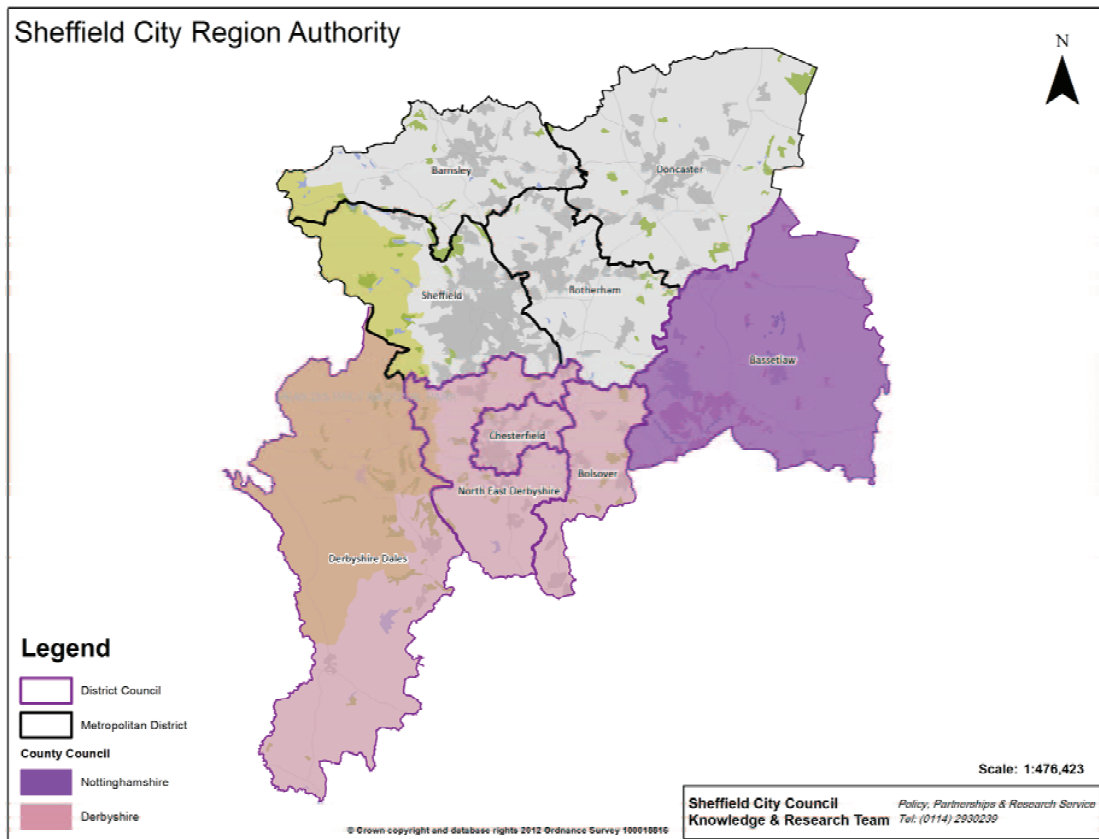
### The proposed Sheffield City Region Authority

- 6.3 The proposed SCR Authority will have nine members – the four South Yorkshire local authorities plus Bassetlaw District Council, Bolsover District Council, Chesterfield Borough Council and North East Derbyshire District Council. The voting rights of all members will be defined in the “Scheme” which accompanies this Governance Review document. Derbyshire Dales District Council will be a non-

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<sup>6</sup> HMG (2009) *Local Democracy, Economic Development and Construction Act 2009*  
<http://www.legislation.gov.uk/ukpga/2009/20/contents>

voting member of the SCR Authority.



6.4 In accordance with the findings of the Governance Review, the Leaders agreed that the proposed SCR Authority should be established on the following principles:

- **The SCR Authority will remain a lean, streamlined, and focussed decision making body** established to secure greater powers and funding from Government.
- **No powers will be ceded to the SCR Authority;** powers shall be *shared* with the SCR Authority.
- **The SCR Authority should be sustainable and flexible** to reflect new ways of working in the future for example adapt to accommodate the County Councils).
- **The SCR Authority will only comprise elected members** although private sector members may act in an advisory capacity to the board, and support with specific workstreams. A protocol will be established that each member council will appoint its Leader or elected Mayor to the SCR Authority.
- **The SCR Authority will only be engaged in strategic Economic Development and Transport.** This means functions at SCR-level relating to economic policy and strategy, skills, inward investment, investment decisions (Investment Fund) and decisions for other shared economic assets (Enterprise Zone).
- The SCR Authority will **reflect the full geography of the SCR** within the constraints of current legislation.

## 7 SHEFFIELD CITY REGION AUTHORITY

### Powers

- 7.1 The remit of the SCR Authority will be **strategic economic development and transport**.

SCR Leaders have made clear that the SCR Authority should remain a lean, focused decision making body – with responsibility over a small number of strategic issues - where it is mutually beneficial for local authorities to work together (and engage the private sector). The economic responsibilities of the SCR Authority are:

- Setting City Region Economic Strategies
- Setting the investment strategy for the Sheffield City Region Investment Fund
- Making decisions with regard to the Sheffield City Region Investment Fund
- Making decision in relation to the uplift from Enterprise Zone business rates
- Setting the SCR for Growth Strategy
- Co-ordinated inward investment activity

- 7.2 The SCR Authority will have the benefit of **wellbeing powers** which are specifically reserved to Combined Authorities by the LDEDCA together with a range of incidental powers.

- 7.4 These are equivalent to the former powers of wellbeing provided to local authorities which have now been replaced with the General Power of Competence by the Localism Act 2011. These will provide broad powers to address economic development issues.

- 7.5 In the creating of a combined authority for the city region, all powers and functions of South Yorkshire Integrated Transport Authority will pass to the SCR Authority. The SCR Authority will then be responsible for carrying out those functions.

- 7.6 The SCR Authority will not have any specific powers over planning. However, using general economic development powers, the SCR Authority may decide to agree a SCR spatial strategy which may be relevant to local planning frameworks.

- 7.7 The SCR Authority will not be able to make decisions on issues which are solely matters for individual local authorities (eg. local planning decisions, local education issues, waste collection etc). The focus of the SCR Authority is on economic and transport matters which are of importance to the City Region as a whole.

- 7.8 The Scheme provides for the SCRA and the constituent councils to enter into joint arrangements for the discharge of specified transport functions which will include the establishment of a Joint Committee to be called '*Transport for Sheffield City Region Board*'.

This will be the **only body with decision making powers formally delegated from the SCR Authority**.

All other sub-boards will act in an advisory capacity only (including the SCR LEP).

- 7.9 The SCR Authority will assume the same powers that the ITA has at present,

including being the levying authority. It is envisaged that the new Transport for Sheffield City Region Board will carry out many of the ITA's functions with the SCR Authority being responsible for overall transport strategy and setting the transport budget.

7.9 The SCR Authority shall have an executive transport body, *Transport for Sheffield City Region Executive* (TfSCRE) to exercise its transport functions and support Transport for Sheffield City Region Board.

**Working arrangements**

7.10 SCR Leaders have also made clear that **no local authority powers will be given away or “ceded” to the SCR authority** and that the CA will consist of only Elected Members working together for the benefit of local residents. .

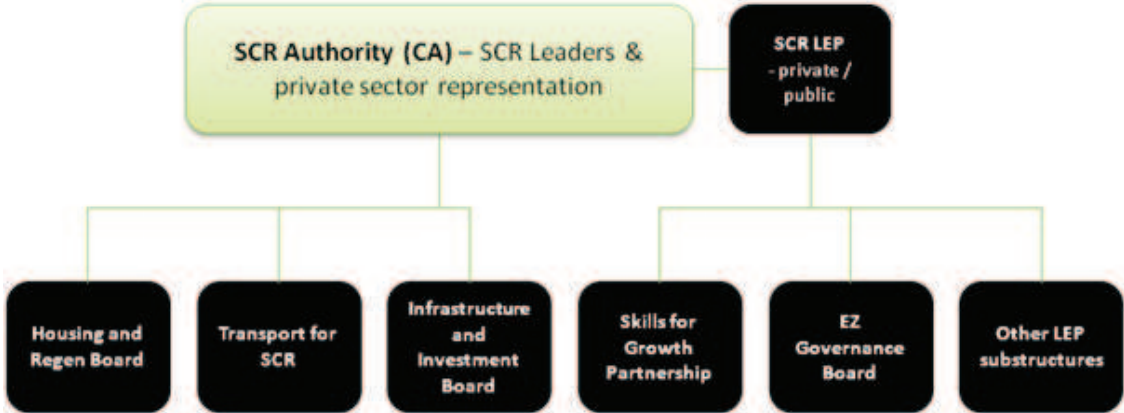
7.10 The Scheme, makes reference to the importance of the SCR LEP and states that the intention is for the SCR LEP to be a lead advisory body to the SCR Authority

7.11 So far as is possible, the SCR Authority will **reflect the full geography of SCR**. However, due to legislative restrictions, there are some functions which for legal and practical reasons, must continue to operate on a South Yorkshire basis.

7.12 Matters of the SCR Authority will be decided by a **simple majority vote**. Some matters (e.g. the ITA levy) will be determined only by South Yorkshire members of the Combined Authority due to legislative restrictions and the location of transport responsibilities in two-tier areas.

7.15 The proposed structure of SCR-level decision making with the SCR Authority in place is summarised in figure 2 below:

**Fig 2 – Proposed governance structures with the SCR Authority in place**



**8. ALTERNATIVE OPTIONS CONSIDERED**

8.1 The SCR Leaders considered the range of different options available as part of the Governance Review (see p13 of **Appendix 1**) and concluded that the Combined Authority model was the only solution which addressed the challenges and put SCR in a position to access new opportunities. Other options are considered below:

## 8.2 **Do nothing**

Failure to strengthen SCR governance will compromise the medium to long-term ambitions of the area and therefore be detrimental to the future economic performance of the city region. Specifically, failure to formalise SCR's governance will mean that the city region will not be able access ~£10 million of devolved transport funding per annum or manage ~£29 million of devolved skills funding agreed as part of our City Region Deal. The "do nothing" option would also be a missed opportunity to better align decision making around strategic economic development, transport and regeneration.

## 8.3 **Informal restructure**

Like Manchester City Region prior to the development of the Greater Manchester Combined Authority, it was felt that SCR is already stretching the boundaries of which can be achieved through an informal non-statutory partnership. Under this model, Leaders would still have to re-agree decisions at a local level – a process which is cumbersome and sometimes unclear. A legal, corporate body will allow the SCR to make a shared binding decision once, rather than one decision nine times.

## 8.4 **Economic Prosperity Board (EPB) only**

Whilst this option would give SCR a statutory city region level board for economic decision-making, the model does not involve the incorporation of transport, thus preventing Sheffield City Region from achieving accessing the overwhelming benefits of aligning decision making in relation to strategic economic development and transport under one strategic body.

# 9. **REASONS FOR RECOMMENDATIONS**

9.1 Following the robust Governance Review commissioned by the Leaders of Sheffield City Region, it is recommended that Sheffield should agree to formally become a constituent member of a combined authority for Sheffield City Region ('SCR Authority') because of the significant opportunities presents to the city and the City Region. These include:

- Establishing an economic area that is ready for growth, with Sheffield and the wider city region in the strongest possible position to compete economically both nationally and internationally;
- Emphasising Sheffield role as the engine of growth in a economically powerful city region;
- Creating a shared decision-making structure for the functioning economic geography of the city region where binding decisions can be made once by elected Leaders for the whole of the area;
- Uniting strategic economic and strategic transport decision-making, ensuring that such decisions provide maximum economic benefit for communities across Sheffield City Region (business growth and jobs);
- Delivering a dynamic Sheffield City Region Authority which will lead the way
- Gaining and using influence by establishing a robust and accountable leadership structure, recognised by Government, which puts Sheffield City

- Providing a statutory structure to deliver the existing City Deal and access future economic funding allocations, building on the recent allocation of the £25m Regional Growth Fund to SCR so that we don't miss out
- Maximise opportunities for groundbreaking inter-city region collaboration across the north of England with Manchester and Leeds City Regions (eg. over the devolution of the Northern Rail franchise);

## 10. RECOMMENDATIONS

### 10.1 That Sheffield City Council:

- Endorses the findings of the Governance Review document (**Appendix 1**) (specifically that establishing a SCR Authority would improve the exercise of statutory functions in relation to economic development, regeneration and transport in the SCR leading to an enhancement of the economic conditions and performance of the SCR).
- Endorses the submission to Government of the Scheme for the SCR Authority
- Agrees that Sheffield City Council will formerly become a constituent member of the SCR Authority, sharing appropriate economic development and transport powers with the SCR Authority, in accordance with the provisions of the LDEDCA and the LTA
- Authorises the Director of Legal and Governance to agree the final form of the Scheme, the terms of any additional legal documentation required and to enter into any such documentation to enable Sheffield City Council to become a constituent member of the SCR Authority

## 11. FINANCIAL IMPLICATIONS

11.1 There are no financial implications arising directly from this report. However, the costs of the CA that are reasonably attributable to the exercise of its functions relating to economic development and regeneration (and any start-up costs) shall be met by the constituent and non-constituent councils. Such costs shall be apportioned between the nine councils on a per capita basis.

11.2 Therefore, any future apportioned costs will be the subject of a separate decision.

## 12. LEGAL IMPLICATIONS

12.1 Section 103, LDEDCA authorises the Secretary of State by order, to establish as a body corporate a combined authority for an area that meets the specified conditions.

The SCR Authorities considered there to be a need to strengthen governance arrangements at a regional level and therefore agreed to support a governance review under s.108 of the LDEDCA. The SCR Leaders considered the outcome of the review and agreed to establish a Combined Authority.

A Combined Authority, introduced by the LDEDCA is a distinct legal entity which

assumes the functions of the ITA within its area and shares key local authority functions relating to Economic Development.

The Local Authorities will share powers with the SCR Authority rather than delegate, therefore Sheffield City Council will retain all of its existing functions and powers.

- 12.2 The SCR Authority will have the benefit of well being powers which are specifically reserved to Combined Authorities by the LDEDCA together with a range of incidental powers. These are equivalent to the former powers of well being provided to local authorities which have now been replaced with the General Power of Competence by the Localism Act 2011. These will provide broad powers to address economic development issues.

The wellbeing power granted to the SCR Authority may be limited in its application to the area of the constituent Authorities, therefore the Scheme document (**Appendix 2**) asks the Secretary of State to approve the delegation of the General Power of Competence to the SCR Authority to ensure its powers are wide enough to accommodate the whole of the City region area.

- 12.3 The SCR Authority shall exercise any function of the Secretary of State delegated to the SCR Authority by the Order of the Secretary of State pursuant to Section 86 Local Transport Act 2008 and Section 104(1)(b), LDEDCA. Such functions shall be exercised subject to any condition imposed by the Order.

- 12.4 In addition to the above, the SCR Authority will have the following specific powers exercisable concurrently with the constituent and non-constituent councils.

- The power under section 144 of the Local Government Act 1972 (the power to encourage visitors and provide conference and other facilities)
- The duties under sections 15ZA, 15ZB, 15ZC, 17A, 18A(1)(b), 514A and 560A of the Education Act 1996 and the power under sections 514A and 560A of that Act (duties and powers related to the provision of education and training for persons over compulsory school age)
- The duty under section 4(1) Local Government Act 2000 (duty to prepare a strategy for promoting or improving the economic, social and environmental well-being of their area and contributing the achievement of sustainable development in the UK) and the power under section 4(2) of the Local Government Act 2000 (power to modify their sustainable communities strategy)
- The General Power of Competence under section 1 of the Localism Act 2011

- 12.5 The powers will be supplemented by operating protocols agreed locally by the SCR Authority and the Councils. These will include:

- That members of the SCR Authority will not act in a way that directly contradicts a decision made by the SCR Authority
- That the Member appointed by each Local Authority will be the Leader or Mayor of that Council

The Scheme also provides for the Council's to choose to delegate additional functions at a later date. These will be Executive functions and therefore will be a decision of the Executive of each Council to delegate any further powers to the SCR Authority.



### **13. ECONOMIC IMPACT**

- 13.1 The chief rationale for establishing the Sheffield City Region Authority is to advance the economic opportunities and ambitions of Sheffield and wider city region. Not only will the Sheffield City Region Authority unite strategic decision making on the economy and transport, it will create a robust governance structure which is primed to receive new powers and resources from central Government, giving elected politicians from SCR greater control over the levers which drive growth.
- 13.2 Through the SCR Authority, elected Leaders will make streamlined investment decisions which are focused on producing the greatest impact on economic growth (GVA) and job creation in the city region. The SCR Authority will provide clear, accountable leadership for the City Region's economy, championing SCR as a place to invest and do business.

# Strengthening Governance in the Sheffield City Region



January 2013

**Consultation**

1.

# **Part 1**

## **The Governance Review**

## 1. About this document

- 1.1. This document has been prepared by the Sheffield City Region Executive Team, on behalf of the local authorities that form the Sheffield City Region (SCR). This document details the findings of the governance review that has been undertaken under Section 108 of the Local Democracy, Economic Development and Construction Act 2009 (LDEDCA)<sup>1</sup> and Section 82 of the Local Transport Act 2008.
- 1.2. Section 108 of LDEDCA provides that relevant authorities may undertake a review of the effectiveness and efficiency of transport within the area covered by the review and of the effectiveness and efficiency of arrangements to promote economic development and regeneration within the area covered by the review.
- 1.3. This review may recommend that a new legal body should be established if the creation of one of these bodies would be likely to improve:
  - the exercise of statutory functions relating to economic development, regeneration and transport in the area i.e. the SCR;
  - (for combined authorities) the effectiveness and efficiency of transport in the area;
  - and the economic conditions in the area.
- 1.4. This document is issued for consultation to all stakeholders including proposed members of the Combined Authority (henceforth called the “SCR Authority”); the South Yorkshire Integrated Transport Authority (SYITA); neighbouring authorities; the Local Enterprise Partnership and neighbouring LEPs; Sheffield City Region MPs; other City Region public bodies; the Chambers of Commerce; the Company of Cutlers and other private sector bodies; regulatory bodies; third sector bodies as well as all relevant government departments.
- 1.5. This document is issued as part of an iterative process of consultation. The findings of this governance review and the ‘scheme’ for the SCR Authority (included in Part 2 of this document) will be considered at a Full Council meeting of each of the constituent local authorities in March or April 2013. Following this, the Department for Communities and Local Government will launch a further consultation exercise between March and June 2013.

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<sup>1</sup> See draft statutory guidance <http://www.communities.gov.uk/documents/regeneration/pdf/1457197.pdf>

- 1.6. Comments on this document should be made, in writing, no later than 31<sup>st</sup> March 2013 to:

David Hewitt  
Sheffield City Region Executive Team

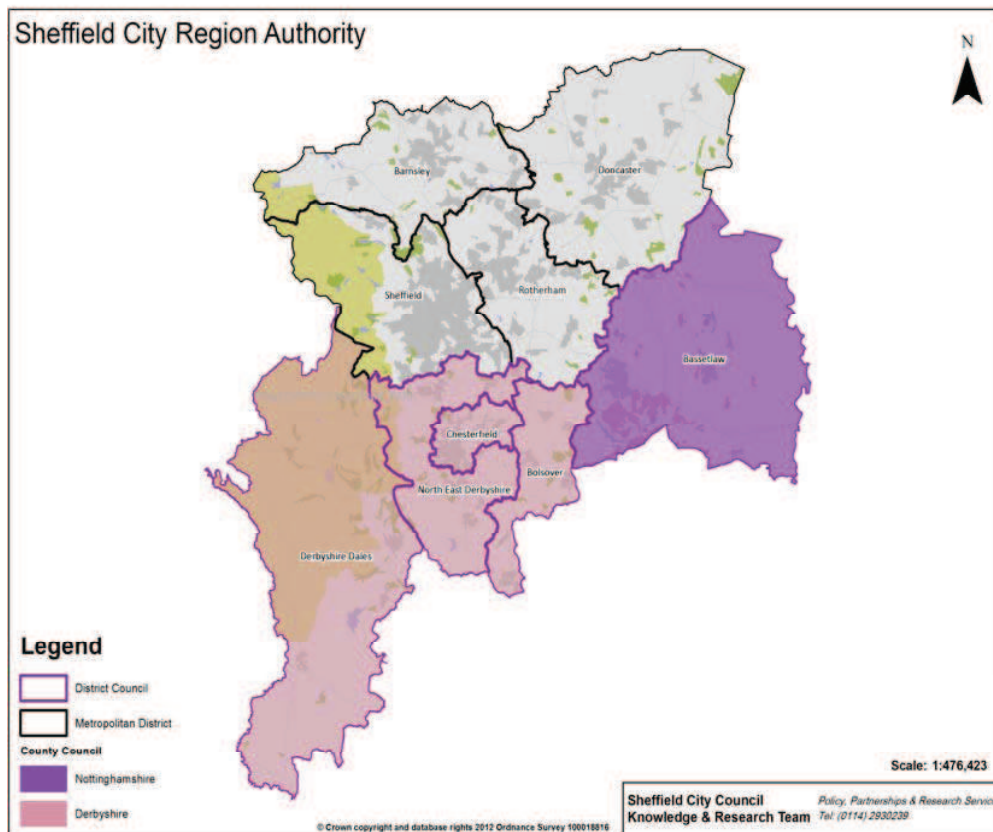
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## 2. Executive Summary

- 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*). 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.
- 2.2. This collaboration was formalised through the SCR Forum and, most recently, has taken the form of the Sheffield City Region Local Enterprise Partnership (SCR LEP) and SCR Leaders Group. The tangible benefits of this collaboration can now be seen in, for example, the SCR securing an advanced manufacturing and technology focussed Enterprise Zone (only one of seven with business rate relief and enhanced capital allowances), successfully negotiating a City Region Deal and making prudent investment decisions in relation to the Growing Places Fund.

**Figure 1 – the Sheffield City Region**



- 2.3. Whilst increased coordination and collaboration is undoubtedly a “good thing”, leading to tangible benefits for all partners, it has led to the governance structures of the SCR being subject to increased local and national scrutiny. There is a general consensus that the SCR is beginning to outgrow its existing governance structures and arrangements – which have always been based on informal, voluntary partnerships without any independent legal status. Accordingly, SCR Leaders have recognised that the time is 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”.<sup>2</sup>
- 2.4. To this end, it was agreed at the SCR Leaders’ Group on 9<sup>th</sup> May and the SCR LEP Board on the 10<sup>th</sup> May 2012 that the SCR should undertake a Governance Review under s.108 of the Local Democracy, Economic Development and Construction Act 2009 (LDEDCA) and under the 2008 Transport Act. In accordance with statutory guidance<sup>3</sup> the purpose of this Governance Review has been to:
- evaluate the effectiveness and efficiency of existing governance arrangements for economic development, regeneration and transport across the SCR;
  - consider the options available for making changes to these governance structures and arrangements – such as leaving existing governance unchanged, strengthening or restructuring existing governance arrangements, establishing an Economic Prosperity Board (EPB), and establishing a Combined Authority;
  - recommend which option is likely to be most beneficial to the SCR.
- 2.5. The 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?”
- 2.6. This document sets out the conclusions of the SCR Governance Review – most notably the headline conclusion that establishing a SCR Combined Authority (the “SCR Authority”) **would improve the exercise of statutory functions in relation to economic development, regeneration and transport in the SCR leading to an enhancement of the economic conditions and performance of the SCR.**

### **3. This conclusion is based on three key findings explored in the remainder of this document**

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<sup>2</sup> SCR Governance Review Workshop 1 - 20<sup>th</sup> July 2012

<sup>3</sup> <http://www.communities.gov.uk/documents/regeneration/pdf/1457197.pdf>

- 3.1. The rationale for the SCR Authority is based on **three key findings** of the SCR Governance Review:
- the SCR is an ambitious City Region with **untapped economic potential** and robust plans for growth;
  - there is **the potential to strengthen SCR governance** both in term of the efficacy of decision making and in terms of transparency and accountability;
  - having considered the various options available (including the “do nothing” option) - establishing the SCR Authority is the option **most likely to deliver sustained economic and social benefits** to the SCR.
- 3.2. Specific detail relating to the SCR Authority including: the area it will cover; its membership; voting and any executive arrangements; it’s functions and the way in which it will be funded will be set out in the ‘scheme’ included in Part 2 of this document. As detailed in the scheme, the recommendation of the SCR Governance Review is that the SCR Authority should be established according to the following principles:
- The SCR Authority should be **lean, streamlined and focussed**. The purpose of the CA will be to provide strong, stable governance and support the SCR to fulfil its huge potential. The delivery of this vision will be facilitated by attracting new powers, duties and funding to the SCR.
  - In addition to this, the CA will be a mechanism by which the SCR is able to formalise areas where there is already effective collaboration (e.g. skills and inward investment). **Decisions on these matters will be made in one place, by elected Leaders** who are responsible for strategic direction and underwriting any risks.
  - The SCR Authority will, so far as is practicable, reflect the functional economic area or “real economy” of the Sheffield City Region although, technically, the *area* of the SCR Authority will be South Yorkshire.<sup>4</sup> This is the optimal deliverable solution for the SCR.
  - The SCR Authority will have nine members – the four South Yorkshire local authorities plus Bassetlaw District Council, Bolsover District Council, Chesterfield Borough Council and North East Derbyshire District Council. The voting rights of all members will be defined in the “scheme” which accompanies this Governance Review document. Derbyshire Dales District Council will be a non-voting member of the SCR Authority.

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<sup>4</sup> Barnsley Metropolitan Borough Council, Doncaster Metropolitan Borough Council, Rotherham Metropolitan Borough Council and Sheffield City Council.



- Although only elected Leaders will have voting rights on the SCR Authority – an active role for the private sector will be maintained (including through the private sector-led SCR LEP).
- 3.3. As detailed in the ‘scheme’ the CA shall, like the current SYITA, have the power to issue a levy to its constituent councils in respect of the expenses and liabilities of the CA which are reasonably attributable to the exercise of its functions relating to transport. The amount to be raised by the levy shall be apportioned between the constituent councils on a per capita basis. Non-transport functions will be funded from a budget agreed annually by CA members and apportioned as above.
  - 3.4. The SCR Authority will need support from a small executive function. At present within the city region there are several reviews underway looking at policy and delivery functions, particularly in South Yorkshire. These studies should be mindful of this requirement from this Governance Review, ensuring that linkages are made where appropriate, but also of the principle around driving out efficiencies in the delivery of officer functions.
  - 3.5. As detailed in the scheme which accompanies this document, the SCR Authority will have powers in relation to *strategic* Economic Development and Transport. As noted above, it is the intention of all partners that the SCR Authority remains a streamlined and focussed strategic commissioning body. Accordingly, only powers and duties that are immediately necessary have been outlined in the scheme in Part 2 of this document.
  - 3.6. Strategic Economic Development will include collaboration around functions such as SCR-level economic policy and strategy, skills, inward investment, SCR-level investment decisions (e.g. decisions relating to the Sheffield City Region Investment Fund) and decisions relating to other shared economic assets e.g. Enterprise Zone policy.
  - 3.7. In time, and by local resolution, partners may chose to transfer additional powers to the SCR Authority. This could either be through a further Governance Review and the publication of a scheme and statutory order or by virtue of Section 107 of the Local Government Act 1972. In all cases, the transfer of such powers would require a full Council Decision from each constituent local authority.

#### **4. The SCR is an ambitious City Region with untapped economic potential and robust plans for growth**

- 4.1. As set out in the City Region Deal (MADE in Sheffield – a deal for growth)<sup>5</sup> SCR has a proud history being at the very forefront of the UK’s industrial and entrepreneurial development, starting with the industrial revolution and continuing to the present time. The SCR grew on the back of the steel and coal industries and, whilst manufacturing still accounts for £3.5m GVA, the SCR now has a vibrant and diverse economy with major employers including HSBC, Boeing, Rolls Royce, Forgemasters, TATA Steel, Sky, Siemens, Outokumpo, BT and many more.
- 4.2. The SCR also has a number of unique economic assets. The world leading Advanced Manufacturing Research Centre (AMRC) and Nuclear Research Centre (NAMRC) is the future of advanced manufacturing and nuclear manufacturing industry in the UK. Driven by Boeing, Rolls-Royce and the University of Sheffield, the AMRC/NAMRC is already having a major impact on UK manufacturing, including producing parts for the new Boeing 787 Dreamliner aircraft and for Formula One racing.
- 4.3. SCR is home to two world class universities bringing over 58,000 students into the City Region each year. The University of Sheffield is a world leading research university, one of the UK’s Russell Group and the best performing university in Yorkshire.<sup>6</sup> Sheffield Hallam University is the fourth largest university in the UK and its business-focused approach means it works with major industry leaders such as Sony, Microsoft, Cisco and BP.
- 4.4. With a population of over 1.7 million people (with 7.6 million people living within a 35 mile radius of the City of Sheffield) and a GVA contribution of over £25.7 billion – the **SCR is evidently already an area of national economic significance**. However, independent economic forecasts suggest that there is untapped potential in the SCR which *could* deliver an extra 68,000 jobs and GVA of over £29.7bn by 2022. This would mean an additional net contribution to the Exchequer of £1,464m by 2022 and £2,924m by 2030.<sup>7</sup>
- 4.5. The public and private sectors in the SCR have forged a strong, progressive partnership focused on a shared vision of how to achieve the economic transformation SCR needs. Greater decentralisation and autonomy or “earned devolution” is central to this vision. Public and private sector leaders have a detailed understanding of the SCR economy, where it is strong and sustainable and where there are challenges that hold the SCR back.
- 4.6. SCR leaders recognise that in order to deliver the SCR economic strategy and to secure greater devolution and autonomy - strong stable, visible and accountable governance will be essential. The question for the SCR governance review has

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<sup>5</sup> <http://www.dpm.cabinetoffice.gov.uk/resource-library/wave-1-city-deals>

<sup>6</sup> Sunday Times University Guide 2013

<sup>7</sup> Oxford Economics (2011) Economic Projections for Core Cities (October 2011)

therefore 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?”

## 5. There is the potential to strengthen SCR governance

- 5.1. The Northern Way agenda was the original impetus for SCR-level collaboration. Based on informal, voluntary partnerships, this collaboration developed incrementally into the SCR Forum, which became the SCR Leaders’ Group and SCR LEP. Today, the SCR Leaders’ Group is the joint committee responsible for coordinating and progressing issues where City Region-level collaboration adds value. Sub-regional Economic Development matters are, principally, managed by the SCR LEP.
- 5.2. All SCR local authority leaders are members of the SCR LEP Board. A partnership between the public and private sector in the City Region, the LEP’s vision is for the SCR to make a greater contribution to the UK economy by having a local economy less dependent on the public sector and providing the right conditions for businesses to grow.
- 5.3. Beneath the LEP, a number of substructures have been established to progress specific LEP priorities and initiatives. For example, seven Sector Groups<sup>8</sup> represent the voice of different industry sectors and an Enterprise Zone Governance Board oversees the management of the SCR’s modern manufacturing and technology focused Enterprise Zone. Sub-groups have also been set up to provide advice to the SCR LEP and Leaders’ Group in relation to Regional Growth Fund applications and the allocation of the Growing Places Fund.
- 5.4. South Yorkshire Integrated Transport Authority is the locally accountable body responsible for the strategic direction of transport planning and delivery in South Yorkshire and the body responsible for the Sheffield City Region Transport Strategy and South Yorkshire Local Transport Plan. This work is carried out by the South Yorkshire Passenger Transport Executive, Barnsley Metropolitan Borough Council, Doncaster Metropolitan Borough Council, Rotherham Metropolitan Borough Council and Sheffield City Council and the South Yorkshire Local Transport Plan Partnership. For the non-South Yorkshire Districts – two County Councils (Derbyshire County Council and Nottinghamshire County Council) act as the Transport Authorities.
- 5.5. Although the South Yorkshire ITA has no formal relationship with the SCR Leaders’ Group and SCR LEP, it regularly consults with them on matters of strategic

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<sup>8</sup> <http://www.sheffieldcityregion.org.uk/about/sector-groups/>

significance. For example – the SCR’s consultation response for the proposed devolution of funding for major transport schemes was a joint SCR LEP and ITA response.

5.6. This coordination and collaboration has conferred significant benefits to all SCR partners. For example, the SCR has been able to:

- Secure an advanced manufacturing and technology focussed Enterprise Zone – one of only nine sites nationally to benefit from business rate relief *and* enhanced capital allowances (recognised as the number-one Enterprise Zone in the UK).<sup>9</sup>
- Make prudent investment decisions regarding the SCR’s Growing Places Fund allocations.
- Develop a coordinated sub-regional approach to attracting inward investment.
- Work collaboratively to develop strong sub-regional proposals and propositions e.g. our ambitious Regional Growth Fund programme bid “Unlocking Business Investment”.
- Secure a City *Region* Deal which will result in the devolution of greater powers (and with it control over funding) in relation to skills, transport and financial tools for growth. The City Region Deal, predicated on formalising SCR governance, represents the beginning of a sustained dialogue with Government.

5.7. Whilst increased coordination and collaboration is undoubtedly a “good thing”, leading to tangible benefits for all partners, it has led to the governance structures and arrangements of the SCR being placed under increased local and national scrutiny (internal and external drivers of the SCR Governance Review). In terms of internal drivers for change, it is recognised that the SCR is close to the limit of what can be achieved through a voluntary, non-statutory partnership for the following reasons:

- As a non statutory body – the SCR Leaders’ Group or the SCR LEP are dependent on agreements by or delegations from its constituent authorities. This slows down the implementation of board decisions and could create ambiguity as to when a decision is a decision (or merely an agreement in principle, which is subject to further ratification).
- There is currently no formal link between decision making in relation to economic development (including inward investment, skills and spatial planning), regeneration and transport. Hence, it is more challenging for decisions to be aligned in a way that secures maximum economic and social benefit.

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<sup>9</sup> <http://www.sheffieldcityregion.org.uk/2012/07/1-ranking-for-enterprise-zone/>

- There is some ambiguity and overlap between the roles and functions of various sub-regional bodies e.g. the distinction between the SCR Leaders' Group and the LEP or between the LEP and its substructures. Strengthening and clarifying these relationships would also have the desirable effect of increasing the transparency and accountability of local decision making.
  - The voluntary partnership between local authorities is not sufficient to underpin the SCR's medium to long-term ambitions. The SCR requires a single, stable, democratically accountable body able to take a strategic, City Region view of an issue.
- 5.8. In terms of external drivers of the SCR governance review - the devolution of funding for major transport schemes, the SCR City Region Deal and Northern Rail Devolution are all predicated on the strengthening of SCR governance. It is recognised that more formal and robust arrangements will lead to a process of "earned devolution" – where greater local autonomy will follow strengthened governance and a track record of local competence.
- 5.9. The absence of more formal arrangements therefore compromise the SCR's medium to long-term ambition of greater autonomy and "earned devolution" – which is unacceptable given our local ambitions and capacity to deliver.

## **6. Establishing the SCR Authority is the legal option most likely to deliver lasting economic and social benefits**





- 6.1. As noted in the IPPR North Report: Governance and Leadership<sup>10</sup> - good governance matters for two key reasons. The first relates to the need to manage and support economic development in an effective way. Collaboration across boundaries helps to ensure that maximum return on investment is being achieved, and that public policy has a keen impact (OECD 2009). The second reason relates to questions of transparency and accountability for decisions taken. This includes having the mechanisms in place to make tough, binding decisions at a level that reflects the functional economic geography of an area.
- 6.2. Having established that there is a compelling case to strengthen SCR governance – the SCR Governance Review has considered the pros and cons of the various models of governance that could be implemented in the SCR. The four options considered in detail have been (1) "do nothing" (2) undertake an informal restructure (3) create an Economic Prosperity Board (4) establish a SCR Combined Authority (in some form).

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<sup>10</sup> [http://www.ippr.org/images/media/files/publication/2012/06/governance-leaderships\\_June2012\\_9338.pdf](http://www.ippr.org/images/media/files/publication/2012/06/governance-leaderships_June2012_9338.pdf)

6.3. **The headline recommendation of the SCR Governance Review is that establishing the SCR Authority is the optimal solution to the issues and opportunities set out in this document.** A summary of the rationale for this strong recommendation is summarised *figure 1* below and in the remainder of this document.

**Figure 1 – Summary of options considered in detail**

Option	Evaluation	Discussion
“Do nothing”		<ul style="list-style-type: none"> <li>• Fails to address issues raised during the Governance Review. (Section 4).</li> <li>• Limits longer-term ambitions of SCR.</li> </ul>
Informal restructure		<ul style="list-style-type: none"> <li>• SCR already stretching boundaries of an informal, non-statutory partnership.</li> <li>• Still dependent on agreement / delegations from constituent authorities i.e. eight decisions rather than one. Creates unnecessary ambiguity and delay.</li> <li>• Not sufficient to meet SCR’s longer-term ambitions e.g. in relation to the SCR Investment Fund.</li> </ul>
EPB		<ul style="list-style-type: none"> <li>• Economic Prosperity Board – more limited version of the Combined Authority.</li> <li>• Fails to align decision making around <i>strategic</i> economic development and transport.</li> </ul>
Combined Authority		<ul style="list-style-type: none"> <li>• Optimal legal model for the SCR.</li> <li>• Flexible – can be tailored to meet local requirements.</li> <li>• Option best suited to underpin the medium to long-term ambitions of the SCR.</li> </ul>

6.4. The “do nothing” option was discounted on the basis of the reasons set out in section five above. Failure to strengthen SCR governance will compromise the medium to long-term ambitions of the SCR and therefore be detrimental to the future economic performance of the region. Specifically, failure to formalise SCR governance will mean that the region will not be able access ~£10 million of devolved transport funding per annum or manage ~£29 million of devolved skills funding agreed as part of our City Region Deal. The “do nothing” option would also be a missed opportunity to better align decision making around strategic economic development, transport and regeneration.

6.5. The second option (informal restructure) has also been discounted. This is on the grounds that, like the Manchester City Region prior to the development of the Greater Manchester Combined Authority,<sup>11</sup> the SCR is already stretching the boundaries of which can be achieved through an informal non-statutory partnership. Under this model, Leaders would still have to re-agree decisions at a local level – a

<sup>11</sup> <http://www.agma.gov.uk/gmca/index.html>

process which is cumbersome and sometimes unclear. A legal, corporate body will allow the SCR to make a shared binding decision once, rather than one decision nine times.

- 6.6. SCR Leaders' recognise that only a statutory body with a legal personality in its own right will be strong enough to lead the collaboration between SCR local authorities and form the necessary legal relationships required going forward.
- 6.7. Similar to the "do nothing" option, an informal restructure is also unlikely meet the expectations of Government – both now and as the SCR seeks further devolution and autonomy. A statutory partnership will also provide the necessary certainty, stability and democratic accountability to allow for long-term strategic decisions to be made at an SCR level. This includes supporting the SCR to make decisions that whilst "tough" - are in the long-term interests of the region. A statutory partnership also has the added advantage of being able to enshrine certain principles into the governance structures of the SCR e.g. an active role for the private sector.
- 6.8. Having considered the tests set out in LEDEDCA, a Combined Authority is deemed to be the optimal legal model for the SCR. The Combined Authority model has been preferred to an Economic Prosperity Board because of the **overwhelming benefits of aligning decision making in relation to strategic economic development and transport under one strategic body**. The Combined Authority model is also the preferred option of Government – hence, the likely shared benefits of "earned devolution" going forward.
- 6.9. As set out above, this legally independent body should act as the accountable decision making body for matters of SCR significance (and where SCR-level collaboration is desirable and adds value) delegating powers and duties sub-committees as is appropriate. The SCR Authority should also act as the Accountable Body for SCR funds and investments – a far more efficient process than one local authority acting as Accountable Body for the whole City Region and relying on secondary agreements and guarantees.
- 6.10. It will be for constituent local authorities to determine the small number of areas (relating to economic development, transport and regeneration) where the SCR Authority will have jurisdiction – with the overwhelming majority of decisions continuing to be made at a local authority level.

**Sheffield City Region Executive Team**  
**January 2013**

## Part 2

# Scheme for the establishment of a Sheffield City Region Combined Authority

*For consultation – January  
2013*



## **Section 1 – Intention to establish Sheffield City Region Combined Authority**

### **1. Establishment of Authority**

- 1.1. A Combined Authority (“SCR Authority”) shall be established pursuant to Section 103 of the Local Democracy, Economic Development and Construction Act 2009 (“LDEDCA”).

### **2. Dissolution of South Yorkshire Integrated Transport Authority (SYITA)**

- 2.1. The South Yorkshire Integrated Transport Authority (‘SYITA’) shall be dissolved, pursuant to Section 91 of the Local Transport Act 2008 (‘LTA2008’).

### **3. Name of Authority**

- 3.1. The name of the SCR Authority shall be the *Sheffield City Region Authority*.

### **4. Membership of Authority**

- 4.1. Membership of the SCR Authority will be drawn from the constituent and non-constituent councils listed below:-

- Barnsley Metropolitan Borough Council
- Doncaster Metropolitan Borough Council
- Rotherham Metropolitan Borough Council
- Sheffield City Council.

*(“constituent councils”)*

- Bassetlaw District Council
- Bolsover District Council
- Chesterfield Borough Council
- North East Derbyshire District Council
- Derbyshire Dales Districts Council

*(‘non-constituent councils’)*



## 5. Area of Authority

- 5.1. The SCR Authority area shall be the whole of the following four local government areas:
- Barnsley Metropolitan Borough Council
  - Doncaster Metropolitan Borough Council
  - Rotherham Metropolitan Borough Council
  - Sheffield City Council.
- 5.2. The constituent councils will appoint six elected members<sup>1</sup> to the SCR Authority. to the SCR Authority. Each constituent council will appoint one member. In addition, each year, by equal rotation, two of the constituent councils will each appoint a second member, such second member appointment to be for a one year term.<sup>2</sup>
- 5.3. The Executive of each non-constituent council will appoint one elected member each to the SCR Authority.
- 5.4. Membership of the SCR Authority will be a decision of the Executive of each council.<sup>3</sup>
- 5.5. To maintain the status of the SCR Authority being a “Leaders’ Board” – there will be a protocol that each constituent and non-constituent council appoint its Leader or elected Mayor to the SCR Authority. In addition to this, there will be a protocol that the two additional second member constituent council appointments will be non-voting members and will not regularly attend meetings of the SCR Authority (see section 10.7 below and *footnote 1*).
- 5.6. The Executive of each constituent and non-constituent council shall each appoint another of its elected members to act as a member of the SCR Authority in the absence of the elected member appointed under paragraph 5.2 and 5.3 above (“substitute member”). This elected member must be drawn from the cabinet of that council.<sup>4</sup>
- 5.7. 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 SCR Authority. Appointment and reappointment of a new member will be an executive decision of each constituent and non-constituent Council.<sup>5</sup>
- 5.8. Where a member or substitute member of the SCR Authority ceases (for whatever reason) to be an elected member of the council that appointed them, the elected

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<sup>1</sup> Note: it is a requirement of LDEDCA that the majority of members are drawn from the constituent authorities of the CA.

<sup>2</sup> Note: to be determined how the rotation of appointing 2 members will operate. Examples, the CA could determine at its first meeting, or the face of the Order could specify.

<sup>3</sup> This assumes the council is operating executive arrangements.

<sup>4</sup> This assumes the council is operating executive arrangements.

<sup>5</sup> This assumes the council is operating executive arrangements.

member shall cease to be a member of the SCR Authority, and the Executive of the relevant council shall appoint a replacement member as soon as practicable.

- 5.9. The SCR Authority shall, in each year, appoint a Chair (and Vice-Chair(s)) from among its members. The appointments shall be the first business transacted at the first meeting of the SCR Authority.
- 5.10. No remuneration shall be payable by the SCR Authority to its members (other than allowances for travel and subsistence).
- 5.11. The SCR Authority may co-opt additional, non-voting representatives from, for example, from the SCR Local Enterprise Partnership Board.<sup>6</sup>

## **6. Voting**

- 6.1. The constituent council members of the SCR Authority shall have one vote each.
- 6.2. The Chair of the SCR Authority shall not have a second or casting vote. Subject to the provisions of any enactment, all questions coming or arising before the SCR Authority shall be decided by a simple majority of the members of the SCR Authority present and voting.
- 6.3. In the case of a tied vote or any motion or amendment, the reasons for the failure to agree will be passed to SCR Chief Executives Group who can then work with their officers to identify if the issues can be resolved before being reconsidered, and voted upon, at the SCR Authority. Should a second vote remain tied, then the motion shall be deemed to be lost.
- 6.4. Members from the non-constituent councils will, in accordance with section 85(4) LTA2008, be non-voting members of the SCR Authority. The constituent council members may, in accordance with section 85(5) LTA2008, resolve to extend the voting rights on defined matters to all or any of the non-constituent council members.<sup>7</sup>

## **7. Executive Arrangements**

- 7.1. Executive arrangements (within the meaning of the Local Government Act 2000) shall not apply to the SCR Authority. However, the discharge of the functions of the SCR Authority will be subject to the scrutiny arrangements set out in section 9 below.

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<sup>6</sup> Note: such representation will always be non-voting as such representatives are not members. This is also the mechanism by which County Councils may be represented in the future.

<sup>7</sup> Note: it is considered that one manner of doing this would be to resolve at the beginning of any meeting of the CA those matters that the non-constituent council members may vote upon. It is the intention of the constituent members to extend voting rights to the all non-constituent members with the exception of Derbyshire Dales District Council (who have chosen to be non-voting members of the SCR Authority).

## **8. Transport for Sheffield City Region**

- 8.1. The SCR Authority shall have an operational transport body, 'Transport for Sheffield City Region Executive' (TfSCRE), to exercise its operational transport functions. TfSCRE shall have all the functions necessary for it to discharge such functions on behalf of the SCR Authority.

## **9. Scrutiny Arrangements**

- 9.1. The nine local authorities of the Sheffield City Region will establish a joint overview and scrutiny committee to exercise scrutiny functions over the SCR Authority (including, where appropriate, the SCR Authority's sub-boards). Each constituent and non-constituent local authority will appoint one elected member to the joint overview and scrutiny committee.<sup>8</sup>

## **Section 2 – Functions, powers and duties of the CA**

### **10. The function of the SCR Authority**

- 10.1. The purpose of the SCR Authority is to improve the exercise of statutory functions in relation to economic development, regeneration and transport in the SCR leading to an enhancement of the economic conditions and performance of the SCR.
- 10.2. The SCR Authority will have powers in relation to *Strategic* Economic Development. Unless otherwise stated, these powers will be exercised by the SCR Authority on a concurrent basis i.e. no powers have been "ceded" to the SCR Authority from its members. Strategic Economic Development means functions such as:
- Setting City Region Economic Strategies
  - Setting the investment strategy for the Sheffield City Region Investment Fund
  - Making decisions with regard to the Sheffield City Region Investment Fund
  - Making decision in relation to the uplift from Enterprise Zone business rates
  - Setting the SCR for Growth Strategy
  - Coordinated inward investment activity.
- 10.3. The SCR Authority will have the benefit of well being powers which are specifically reserved to Combined Authorities by the LDEDCA 2009 together with a range of incidental powers. These are equivalent to the former powers of well being provided to local authorities which have now been replaced with the General Power of

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<sup>8</sup> Note: the scope and remit of any such joint committee to be determined by the nine SCR councils.

Competence by the Localism Act 2011. These will provide broad powers to address economic development issues.

- 10.4. There may be further advantages in also securing the use of the General Power of Competence for the SCR Authority to provide for maximum flexibility in being able to deal with economic development and regeneration issues. Accordingly, the SCR Authority requests that the Secretary of State exercises his powers under section 87 of the Local Transport Act 2008 so as to provide that the Authority has been delegated the General Power of Competence under section 1 of the Localism Act 2011.
- 10.5. The transport functions of SYITA will be transferred to the SCR Authority. All functions conferred or imposed on the SYITA by any enactment relating to the functions of SYPTE shall be exercisable by the SCR Authority in relation to its executive body (TfSCR).
- 10.6. The SCR Authority shall exercise any function of the Secretary of State delegated to the SCR Authority by the order of the Secretary of State pursuant to Section 86 LTA2008 and Section 104(1)(b), LDEDCA. Such functions shall be exercised subject to any condition imposed by the order.
- 10.7. In addition to the above, the SCR Authority will have the following specific powers exercisable concurrently with the constituent and non-constituent councils. These are viewed as complementary to the broader powers to address economic development identified above:
  - The power under section 144 of the Local Government Act 1972 (the power to encourage visitors and provide conference and other facilities).
  - The duties under sections 15ZA, 15ZB, 15ZC, 17A, 18A(1)(b), of the Education Act 1996 and the power under sections 514A and 560A of that Act (duties and powers related to the provision of education and training for persons over compulsory school age).
  - The duty under section 4(1) of the Local Government Act 2000 (duty to prepare a strategy for promoting or improving the economic, social and environmental well-being of their area and contributing to the achievement of sustainable development in the United Kingdom) and the power under section 4(2) of the Local Government Act 2000 (power to modify their sustainable communities strategy).
  - The General Power of Competence under section 1 of the Localism Act 2011.
- 10.8. These powers will be supplemented by operating “protocols” agreed locally by the SCR Authority and councils. These protocols will include:

- That members of the SCR Authority (i.e. constituent and non-constituent councils) will not act in a way that directly contradicts a decision made by the SCR Authority.
  - That the two additional members drawn from South Yorkshire members on a rotating basis (described at 5.2) will be non-voting members and will not routinely attend meetings of the SCR Authority.
  - That the member appointed by each local authority to the SCR Authority will be the Leader or Mayor of that council.
- 10.9. As detailed in the Governance Review document – the constituent and non-constituent councils of the SCR Authority may, in time, choose to delegate additional powers by virtue of Section 101 of the Local Government Act 1972. These will be executive functions given the remit of the SCR Authority and it will therefore be a decision for the Executive to delegate any further powers to the SCR Authority.
- 10.10. The SCR Authority will not have any specific planning-related powers. However, using general economic development powers, the SCR Authority may agree a SCR spatial strategy – which may be relevant to local planning frameworks.

## **Section 3 – Funding and transfer of property, rights and liabilities**

### **11. Funding**

- 11.1. The SCR Authority, 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 SCR Authority which are reasonably attributable to the exercise of its functions relating to transport. The amount to be raised by the levy shall be apportioned between the representative authorities on a per capita basis.
- 11.2. The costs of the CA that are reasonably attributable to the exercise of its functions relating to economic development and regeneration (and any start up costs) shall be met by the constituent and non-constituent councils. Such costs shall be apportioned between the nine councils on a per capita basis. The CA will agree an annual budget for the purpose of this expenditure.<sup>9</sup>

### **12. Transfer of Property, Rights and Liabilities**

- 12.1. All property, rights and liabilities of SYITA existing at the transfer date shall transfer to the CA, including rights and liabilities (if any) in relation to contracts of employment.

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<sup>9</sup> Note: funding to be considered.



## **Section 4 – Substructures and internal scheme of delegation**

### **13. Joint Committee – Transport for SCR Board**

- 13.1. The CA and the constituent councils will enter into joint arrangements under Section 101(5) of the Local Government Act 1972, Section 20 of the Local Government Act 2000 and Regulations 4, 11 and 12 of the Local Authorities (Arrangements for Discharge of Functions) (England) Regulations 2000 for the discharge of specified transport functions which will include the establishment of a joint committee to be called the Transport for SCR Board ('TfSCRB').

### **14. SCR Local Enterprise Partnership**

- 14.1. 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.
- 14.2. This board (or its successors as required by Government) will work alongside the SCR Authority, as well as discharging the practical decision making role in respect of certain functions as required by Government and/or the SCR Authority. The SCR Authority would act as the LEP's 'accountable body' for the holding of LEP funding streams.
- 14.3. It is intended that the SCR Local Enterprise Partnership would be a lead advisory body to the SCR Authority – including providing leadership of particular SCR projects and workstreams. This will "hardwire" a role for the private sector into the leadership of the Sheffield City Region – something that makes the SCR distinctive and unique.

### **15. Other Arrangements**

- 15.1. The SCR Authority may establish sub-structures and sub-committees and delegate powers and functions as is appropriate.

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